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Korean Air DC-10 Crashes in Libya, Killing at Least 82

The Associated Press

ROME — A Korean Air DC-10 with 199 people aboard crashed in heavy fog on Thursday three miles short of the airport at Tripoli, Libya, hitting homes and cars and bursting into flames. At least 82 people were killed, including four on the ground, news reports said.

The official Libyan press agency JANA, monitored in Rome, said the crash, the second in eight days of a DC-10, occurred at 7:30 A.M. The cause was uncertain.

The Korean Broadcasting System quoted South Korea's consul in Tripoli, Chang Kyung Soo, as saying the plane had tried to make a wheels-up landing, indicating a landing-gear problem. It reportedly crashed into an orchard, broke apart and caught fire.

The pilot was quoted as having reported that visibility was poor. About an hour earlier, a Soviet airliner detoured to Malta rather than try to land in the fog.

The same weather information was relayed to the pilot of the South Korean airliner, the Libyan agency said.

"The decision to land or not to land, as is internationally known, depends on the captain of the plane alone," it added.

James Reed, a spokesman in Washington for McDonnell Douglas Corp., manufacturer of the DC-10s, said, "Early reports from Tripoli indicate that weather may have been a contributing factor."

The Korean Broadcasting System said earlier that the pilot had reported engine trouble, but the airline did not confirm this.

On July 19, a United Airlines DC-10 crashed in Sioux City, Iowa, killing 111 people, after the fan section of the tail engine disintegrated, slicing hydraulic lines needed to control the plane.

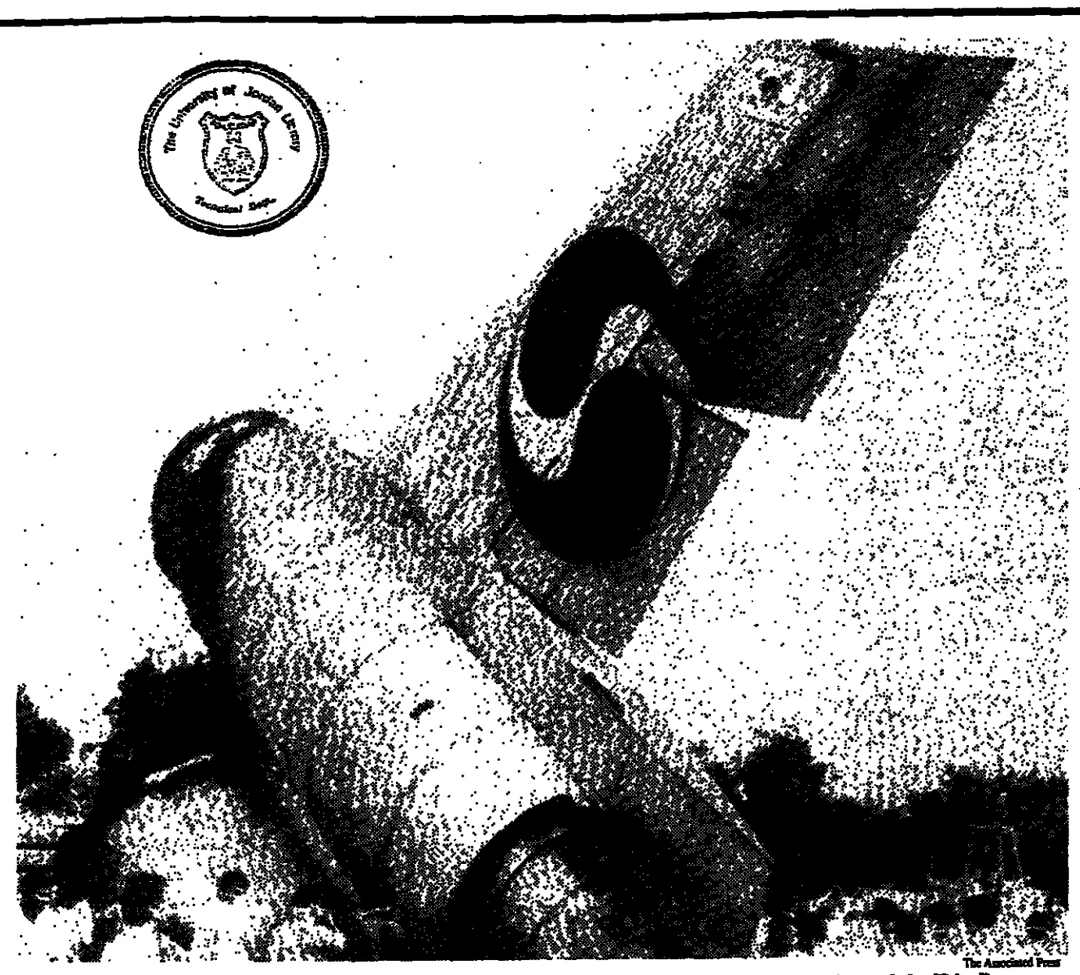
The Libyan press agency said the Korean DC-10 slammed into two houses, killing four persons. It said an undetermined number of people had been taken to hospitals.

Airline officials in Seoul confirmed only 35 deaths among the passengers. It said 189 of the 199 aboard, including the 18 crew members, were South Koreans.

They said the 10 foreign passengers were three Japanese and seven Libyans. The Japanese survived, but the fate of the Libyans was unknown.

Government officials in Seoul said there were no signs that the jet had been the target of terrorism, as was suspected

See CRASH, Page 8



The tail of the Korean Air DC-10, which broke from the fuselage when the plane hit the ground short of the Tripoli runway.

Baltics Receive More Autonomy

Soviet Legislature Endorses Independent Economy Plan

By Bill Keller
New York Times Service

MOSCOW — The Soviet legislature endorsed on Thursday the plan of two Baltic republics to embark next year on the most far-reaching economic experiments that this country has seen since at least the 1920s.

In a resolution, the Supreme Soviet approved in principle the plans of Lithuania and Estonia to develop market-oriented economies independent of the central plan that now governs almost every aspect of Soviet business.

But the legislators postponed until October final action on new laws that will be required before the economic plans can take effect.

In the meantime, the Baltics must negotiate with authorities in Moscow such sensitive issues as the control of natural resources, railroads and power plants, and the fate of Baltic industrial concerns that provide products to government ministries, including the military.

Baltic deputies nonetheless hailed the compromise as a triumphant first step toward the economic autonomy that has been a principle demand of the growing nationalist movements in their republics.

"It opens the road for us to began realizing our program of independence," said Mikhail L. Bronshtein, an Estonian economist who led the fight for the Baltic plan in the Supreme Soviet.

"Tonight we'll be drinking champagne," said Marju Lauristen, an Estonian deputy.

The resolution adopted Thursday gives general approval to laws passed in the local parliaments of Lithuania and Estonia, which call for the republics to be given control over their budgets, tax policies, prices, financial markets and foreign trade.

The autonomy plan encountered bitter opposition from central planners, who complain that it would complicate their work, and from other regions of the country, where many residents resent what they see as preferential treatment of the westward-leaning Baltics.

On Wednesday, Yuri D. Maslyukov, the chairman of the powerful State Planning Commission, said a separate law for the Baltics would divide the country and "trample on the rights" of other republics.

In the face of this resistance, Baltic deputies decided not to press for an immediate vote on the laws releasing them from central planning, settling instead for a general statement of support.

The most important provision of the resolution declares that the Baltics will be exempt from any federal economic laws that interfere with their progress toward developing economic independence.

As explained by Baltic economists, the republics hope to develop market economies devoted primarily to agriculture and light industry, and resembling Finland or Sweden more than the traditional Soviet model.

Rather than turning their goods over to centralized ministries for distribution, the republics would sell or barter their products to other Soviet republics.

"The miners who went on strike in the Kuznetsk Basin said they want the right to sell their own coal," said Tiit Made, an Estonian economist and one of the originators of the Baltic plan. "O.K., we buy their coal and sell them meat and cheese, all at world market prices."

The success of this plan, Baltic economists say, depends heavily on the ability to lure foreign investment to help modernize and develop new industries.

Although many Baltic nationalists see economic independence as a step toward secession from the Soviet Union, advocates in the Supreme Soviet played down this possibility, stressing that they are too dependent on other Soviet republics as markets and suppliers of raw materials to think now of severing their ties completely.

The Supreme Soviet voted overwhelmingly to approve the scheme in general terms after supporters argued that it would provide a

See SOVIET, Page 8

Soviet steel executives discover success comes from also running a cattle and pig farm. Page 2.

U.S. Economy Shows Slowing Growth and Rising Inflation

By John M. Berry
Washington Post Service

WASHINGTON — Weak consumer spending and a sharp decline in housing construction limited U.S. economic growth to only a 1.7 percent annual rate in the second quarter, the slowest pace in almost three years, the Commerce Department said Thursday.

The increase in the gross national product, adjusted for price changes, was down sharply from the first quarter's 3.7 percent rate and last year's 2.8 percent gain.

The department also said inflation worsened in the second quarter, with the GNP price deflator rising at a 5.2 percent rate, up from 4.6 percent in the first quarter and 4.2 percent last year. The acceleration in inflation was largely due to sharp jumps in energy and food prices.

The two largest U.S. automakers posted lower earnings. Page 13.

The 1.7 percent rate of increase in real GNP — total U.S. output of goods and services — was actually slightly larger than in the previous quarter.

Michael R. Darby, undersecretary of Commerce for economic affairs, said he believed the United States would avoid a recession. Although the latest report and first-quarter revisions confirm "the moderation in nonfarm economic growth during the first half of the year," he added that "the economy's forward momentum is sustainable."

Analysts were divided.

David Wyss of Data Resources, Inc., an economic consulting firm, saw the report as good news. "As far as a soft landing is concerned, it's right on track," he said. "Obviously the risk is in trying to land softly, you might overshoot."

But Allen Sinai, chief economist with Boston Co. Economic Forecasters, said he still expected a downturn to occur late this year or early in 1990. "We have already had a recession in the housing sector over the last six months, caused by high mortgage rates," he said. "The question is whether the economy will be able to strengthen enough to offset weakness in consumer spending and weakness in manufacturing. I doubt it."

A "soft landing" is what the Federal Reserve is hoping to achieve: slow enough growth to reduce inflation while avoiding what Fed Chairman Alan Greenspan last week termed an "unnecessary recession."

There was mounting evidence Thursday that the Fed had taken another small step to reduce interest rates in order avoid a recession. The federal funds rate, the interest rate financial institutions charge one another on overnight loans, remained close to 9 percent for the third straight day, down from the 9.14 percent level the Fed had been targeting since early this month.

A number of analysts said they believed the Fed was aiming at the lower figure for the federal funds rate, a key number to which most other short-term interest rates are tied. The analysts also said they expected more banks to lower their prime lending rates from 11 percent to 10.5 percent. NCNB Texas, a unit of North Carolina-based NCNB Corp., on Thursday joined several other banks that have already lowered their prime rates.

With a rising share of consumer loan rates tied to the prime, as are many business loans, a decline could give a boost to consumer spending and the economy. Falling home-mortgage interest rates are expected to limit future declines in

See GROWTH, Page 17

Kiosk

Soweto Blast Kills a Black

JOHANNESBURG (AFP) — A black man was killed by a blast in the Soweto township Thursday, the police said, shortly after an explosion at the whites-only J.G. Strydom hospital here. " Earlier, a gasoline bomb wounded seven at a black nurses' residence in the suburb of Alexandra.

AP

A B-2 Stealth bomber on display in California. The mission and cost of the plane are raising questions. News Analysis, Page 7.

Afghans appear increasingly tolerant of the government of Major General Najib. Page 2.

Fashion

It took an Italian to give Paris couture clients what they had been piming for. Suzy Menkes reports on Valentino. Page 8.

Business/Finance

Japanese makers are way ahead of Americans in the next generation of home-recording technology. Page 13.

Crossword Page 10.

Dow Close — Up 22.38

The Dollar In New York

DM	1.8775
Pound	1.655
Yen	139.12
FF	6.3555

U.S. Drug Giants Agree to Merge

By Mitchell Martin
International Herald Tribune

Bristol-Myers Co. said Thursday it would buy Squibb Corp. for about $11.46 billion in stock, creating the world's second-biggest drug company and underlining a trend toward friendly multibillion-dollar mergers such as the Time-Warner deal.

The announcement in New York followed approval on Wednesday by stockholders of SmithKline Beckman Corp. of a merger with Beecham Group PLC of Britain. Since those companies announced their plans in April, there has been speculation of further mergers in the pharmaceuticals industry.

The Bristol-Squibb deal also is similar to the originally proposed merger of Time Inc. and Warner Communications Inc., which joined to improve their global competitiveness. The two U.S. drug companies have significant overseas sales.

Squibb's stock soared on the New York Stock Exchange on Thursday, to close $24.625 a share higher, at $112.375. The stock had gained $2 on Wednesday. Bristol-Myers, on the other hand, fell $2.625, to $49.25.

Under the terms of their agreement, 2.4 Bristol-Myers shares are

See MERGER, Page 15

Blacks in America: Still a Gap

By Barbara Vobejda
Washington Post Service

WASHINGTON — The economic and social gains black Americans have made since the 1940s have stagnated since the 1970s, according to a study issued Thursday by a national panel of scholars.

Blacks thus have been left suffering disproportionately from poverty, health problems and diminished educational and job opportunities, the report said. Moreover, their situation could worsen, the committee said.

The report by the National Research Council predicted that, if present conditions continue, "our findings imply several negative developments for blacks in the near future," including continued high levels of poverty, crime, teen-age parenthood and racial segregation.

The $2.7 million study was initiated in 1985 by the National Research Council, the operating arm of the National Academy of Sciences, and involved the work of more than 100 scholars in the social sciences, medicine, economics, history and law.

The academy chairman, Frank Press, called the study the "largest and most important compendium of facts" on the status of black Americans.

The study cited several causes for the gap between whites and blacks, including slowed U.S. economic growth and racial discrimination. But it played down the importance of a "culture of poverty," the notion that the situation of poor blacks has not improved because their behavior, values and aspirations are different from those of middle-class whites.

"Although cultural factors are important in social behavior," the study said, "arguments for the existence of unalterable behavior among the poor are not supported by empirical research."

The panel, which was made up of several conservative as well as liberal scholars, did not make specific recommendations. But it cited "policy alternatives" that it said would be beneficial, including better education, health care and other services; policies to encourage economic growth and full employment; reduced discrimination and involuntary segregation, and social welfare programs to avoid long-term poverty.

Robin M. Williams, a Cornell University professor of sociology, who chaired the committee, said: "The evidence we have reviewed demonstrates persuasively that purposeful actions and policies by individuals, groups, private institutions and governments have made

See BLACKS, Page 8

Francois Aurnic/Reuters

Banned in Beijing

An inspector, right, checking for banned books in a Beijing bookstall as the stall's owner waits. The China News Agency reported Thursday that books written by leading dissident authors had been banned, along with books about Zhao Ziyang, the deposed Communist Party chairman.

Drug Addict Convicted in Palme Death

By Craig R. Whitney
New York Times Service

STOCKHOLM — A jury of lay assessors convicted a 42-year-old drifter and drug addict on Thursday of shooting and killing Prime Minister Olof Palme nearly three and a half years ago. The defendant was sentenced to life in prison.

The lay jurors outvoted the two judges in charge of the trial, which ended July 10. The judges, in their written verdict, said that despite the testimony of Mr. Palme's widow, Lisbet, and other witnesses — the only evidence in the case — there were too many uncertainties to prove the prosecution's charges.

The defendant, Christer Pettersson, has until Aug. 17 to appeal the verdict.

"The next time it's heard, the case will be heard only by professional jurists," said one of the outvoted judges, Mikael af Geijerstam, the chief magistrate who was the only participant in the trial to appear at Stockholm district court Thursday.

But according to Swedish lawyers, a panel of three or four legally trained judges could be supplemented by lay assessors, hearing all the witnesses and considering all the evidence again at a new proceeding beginning in September.

Mr. Pettersson's attorney, Arne Liljeros, said Thursday that his client was "satisfied that the two judges found him not guilty."

Since his arrest as the primary suspect Dec. 14, Mr. Pettersson has been held in a prison 46 miles (75 kilometers) northeast of Stockholm.

If the life sentence were upheld on appeal, Mr. Pettersson would probably spend a total of at least eight years in prison; this would be his fourth prison sentence.

Legal uncertainties are not the only ones in the case. The assassination of Mr. Palme, a Social Democrat with a moralistic foreign policy, left many Swedes less certain than they had been before the night of Feb. 28, 1986, of the stability of their prosperous welfare state.

No one actually saw Mr. Pettersson fire the two .357-millimeter bullets that killed Mr. Palme and grazed his wife as they turned off a dark main street at 11:21 P.M. after seeing a movie.

It was Mrs. Palme's testimony —

See PALME, Page 8

On a Last Outpost of Empire, Money Laundering

By Joseph B. Treaster
New York Times Service

PLYMOUTH, Montserrat — It was a little after 4 o'clock on a weekday afternoon, and the clapboard and stone shops and offices in this waterfront village were already closed.

Except for a couple of stray roosters, the streets were empty.

This is the way it used to be throughout the Caribbean, before jet planes began disgorging legions of tourists, demanding service at all hours and pretty much wiping out the easy island life.

Tranquillity has been perhaps the greatest asset of Montserrat, one of a handful of colonies still maintained by the British in the Caribbean.

The usual quiet was disrupted recently with the arrival of two Scotland Yard investigators and the startling news that Montserrat, population 12,000, had become a center for international bank fraud and money laundering.

Word had got around that just about anybody with $3,700 could buy a license to operate a bank in Montserrat, investigators say, and scores of con artists flocked in. Most were Americans, and so were their victims. The fraud has run into the millions, investigators say, and the extent of the money laundering is anybody's guess.

Montserrat had licensed about 300 banks, all offering Swiss-style secrecy. Most, like their cousins in the Bahamas and on some other Caribbean islands, consisted of nothing more than a few documents in a lawyer's filing cabinet. Yet they provided the legal basis for shuttling money worldwide.

The only air service into Montserrat is by small plane from Antigua, 25 miles (40 kilometers) northeast, and other nearby islands.

But the island has excellent telephone, telex and telefax communications and two international courier services.

Neither British nor island officials had been paying much attention to who was setting up the banks or what they were doing with them. It was a con artist's dream.

In one scam, investigators say, bank operators collected fees of $50,000 to $100,000 to provide multimillion-dollar loans that they never delivered.

Some banks issued worthless certificates of deposit that were used as collateral for loans.

Others lured big deposits with the promise of high interest rates and the possibility of avoiding income taxes, then vanished with the money.

The government has abruptly stopped issuing licenses and has taken steps to revoke the licenses of more than 100 of the banks.

Five Americans, including one who says he owns several defunct Arizona gold mines, have been arrested.

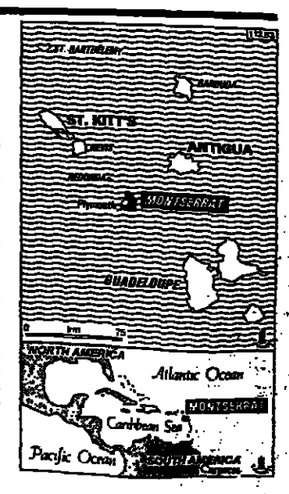
Last year alone, the banks earned Montserrat $762,577 in registration and renewal fees.

"I still think the banks are a good idea," said John A. Osborne, a millionaire shipping company owner who is the chief minister and highest elected official of the island.

The British and other island officials agree. But they say that more licenses will probably be revoked and that an international accounting firm is devising a new plan for regulation.

Until the investigation, the island's bank-

See ISLE, Page 8



Soviet Steel Executives Find Success Is a Pig Farm

By Francis X. Clines
New York Times Service

DNEPROPETROVSK, U.S.S.R. — The scarcity of food and housing among workers in this steel-making center — as throughout the Soviet Union — has driven mill executives to desperate measures worthy of Noah's efforts on his ark.

To put food on their workers' tables and head off the sort of despair that provoked the coal miners' strike, the steel mills have begun their own cattle and pig farm in the last year.

To house their workers, the mills have bought a brick factory and gone into the construction business.

To solve a shortage of soap and detergent, Alexander K. Vashchenko, a resourceful executive at one mill, has bartered steel piping for soap.

"Now is the moment," said Mr. Vashchenko, a former production-line worker recently elected manager by the workers. "We mustn't waste it, or people will lose faith again, as the coal miners did."

The steel plants' growing inventiveness is a sad commentary on the government's failure to provide for its citizens. But it may also be an explanation of why the steelworkers' unions did not follow the example of the country's coal miners this month and join a strike to protest living conditions.

"If conditions here remained as bad as they were a few years ago, a strike would have been quite possible," said Yevgeni A. Dudko, a steelworker in Collective No. 4 of the huge Karl Liebknecht complex.

"There was complete confusion in this plant. Nothing was working. But it is getting better. And while I support my friends, the coal miners, I don't need to strike."

A major anxiety for the Soviet leadership during the coal strike was the possibility that, with living conditions such a source of general dissatisfaction, the miners' strike might easily spread to other heavy industries.

But workers and executives here in this industrial city on the Dnieper River say such a critical point was reached a few years ago.

Rather than causing a strike, the problems prompted industry and government to begin devoting extra care to the steel mill, workers say.

In contrast, the coal miners walked out when they decided local industry and government officials had ignored the earlier warnings.

"Not everything is perfect here, but life is not bad enough to cause us to strike," said Alexander V. Voronov, a mill foreman.

Vladimir V. Yabarov, a reporter who covers the steel mills for the newspaper Dnepropetrovskaya Pravda, said: "There are many, many problems among the steelworkers, but a few years ago most of the enterprises here began working on improving housing more intensively than the mines did."

Mr. Yabarov, a labor specialist, said that the basic difference between the miners and the steelworkers was not some cornucopia of consumer goods but rather a modicum of hope.

"If they had started things like that in Pavlograd, the miners probably would not have had a strike," he said, referring to a nearby coal-mining town where 20,000 workers joined the protest walkouts

The steel mills in this eastern Ukraine city, which was closed until recently to foreign visitors, employ more than 100,000 of the city's 1.2 million residents.

The workers do not hesitate to talk about the housing and food shortages that bedevil their families. But the mill initiatives have helped. The farms have put as much as an extra 70 pounds (32 kilograms) of meat on the workers' tables over a year, according to industry studies. At the No. 4 mill, workers volunteer on days off to help at the farm.

Some plants make contracts directly with collective farms to obtain supplies of meat and vegetables with more reliability than from state stores.

In an effort to deal with the housing shortage, which has forced thousands of young working families to live in crowded apartments with the older generation, some steel mills provide special leave. Young fathers are allowed up to two years to build their own houses with materials and expertise obtained through the plant.

Their pay is reduced during that time, but they get their mill jobs back at the end and, finally, have their own living space.

Steelworkers interviewed Wednesday embraced President Mikhail S. Gorbachev's use of the coal strike to encourage early action on local government elections and exploit the workers' hunger for more rapid change by turning more bureaucrats from office.

But whether the Soviet leader can count on the steelworkers for political fervor to match his own hope for "radical" change is an open question.

Some workers do not seem so dissatisfied with local politics.

"If Gorbachev keeps putting the blame on local government, and nothing changes after the election, people will start blaming him," one worker said.

Amid the general enthusiasm for change, the mill workers strongly indicated that they do not equate themselves with the coal miners, contrary, perhaps, to some outsiders' notion of worker solidarity.

"There was a certain amount of self-consciousness in their strike," a steelworker, Igor A. Dud, said of the miners. "The whole country is becoming conscious of itself and speaking out, making demands.

In Kabul, a Shift of Opinion

Rebels Losing Favor as Najib Wins Growing Tolerance

By James Rupert
Washington Post Service

KABUL — Five months after Soviet troops withdrew from this country, Afghans in Kabul appear increasingly tolerant of the authoritarian government of Major General Najib, the Afghan leader, and mistrustful of the U.S.-backed guerrilla leaders who are fighting to overthrow him.

There are no independent polls or press to monitor the popular opinions on either side of this conflict. But in more than a hundred interviews during a monthlong visit to Kabul, Afghans of a wide range of backgrounds gave the impression that, although most people did not like the government, they did not support a continued civil war to overthrow it.

"More than anything, people want peace and security in their lives," said a middle-aged man who works as a writer for state television.

"Most people don't care about the politics," said the man, who spoke privately in his home. "They want to get back to farming and producing."

It was a sentiment expressed by virtually everyone interviewed.

In a country where resistance to foreign control is perhaps the most fiercely held national credo, the Soviet troop pullout — along with the continued infighting of the rebels, or *mujahidin* — has transformed the battle for the hearts and minds of the Afghan people.

Although the government was long seen as a traitor to Afghan nationalism for cooperating with a Soviet military occupation, it now appears to have shed some of that onus. Afghans interviewed expressed little enthusiasm for either the government or the mujahidin, and often described both sides as tainted by reliance on foreign backing.

The changes in public opinion — corroborated by foreign diplomats and aid workers who monitor Afghan politics — apparently pose a significant challenge to the Bush administration's stated policy of encouraging a military victory by the mujahidin.

Even among rebel supporters interviewed in Kabul and in Kandahar in the south, no one expressed confidence that the Pakistan-based guerrilla alliance could unite sufficiently to provide an alternative to the Najib government.

In congressional testimony last month by Deputy Assistant Secretary of State Howard B. Schaffer, the Bush administration called the alternative government declared by the mujahidin alliance in February "the most representative body in Afghan affairs," and said that it was "incomparably more representative" than General Najib's ruling People's Democratic Party.

Mr. Schaffer said the guerrilla-declared government had made "a good start toward its goal of forming a government capable of taking over from the Kabul regime."

This view is not shared by political analysts in Kabul.

"For most Afghans, the mujahidin do not offer an alternative."

'People here feel they are forced to choose between two evils — the government and the mujahidin.'

A diplomat in Kabul whose government favors the guerrillas.

said an Asian diplomat, expressing a consensus of foreign analysts. Most Kabul residents interviewed said the war could be ended only through negotiations for a compromise government, perhaps with participation of the former Afghan king, Zahir Shah.

Afghanistan is an overwhelmingly rural and traditional country whose people historically have ignored central governments in Kabul, except to rebel against those that tried too aggressively to meddle in their affairs.

More critical than the views of Kabul residents is the willingness of the 14 million rural Afghans — inside the country and in refugee camps in Pakistan and Iran — to continue their war against the government.

Still, according to Afghans and foreign diplomats, a shift of opinion among the 2.2 million residents of Kabul is at least partly a reflection of sentiment in the countryside. What appears to be the erosion of support for the mujahidin as an alternative government is not conclusive evidence that they are losing their battle to mobilize Afghans for continued war. But it is part of a pattern of such evidence.

Guerrilla field commanders have slowed or stopped their offensives in most of the country and have expressed growing discontent toward the Pakistan-based leaders of the fractious guerrilla alliance. In Kandahar recently, people from both sides of the conflict told journalists that the two sides were largely observing an armed truce.

The Soviet pullout and the guerrilla infighting appear to have been the main causes of the shift in opinion, but Kabul residents also cited the government's relative stability in recent months and the daily killing of civilians by rockets that land in residential neighborhoods.

"People here feel they are forced to choose between two evils — the government and the mujahidin," said a diplomat whose government favors the guerrillas. "They are thinking, 'Why not keep the evil that we already know?' "

The government appears to be making some advances in a long-term strategy to stay in power by broadening its urban base and winning the acceptance of rural Afghans and guerrilla commanders.

Although General Najib does not appear to be popular, his ruling party seems to be winning a large degree of tolerance from a population exhausted by 11 years of warfare that has left large sections of the country a depopulated ruin and, it is widely estimated, that has killed one million Afghans.

In the interviews, only party members and and some high school and university students expressed support for General Najib personally. Many other educated Afghans, although condemning General Najib for his long cooperation with the Soviet occupation, said his party represented the only real hope for education and economic and social development.

"I don't especially like the party, but I want progress for my country," said a technician with the state airline Ariana. "Look at how the mujahidin are disorganized. They could not run a government."

More traditional Afghans, like shopkeepers in Kabul's old city, described their primary political desire as an Islamic government that would assure the basics of life.

The government has cut food prices from their peaks of last winter and has maintained basic security in Kabul and other cities, but it has been unable to cast itself as a genuinely Islamic government in a way to win active support from Afghans more concerned with tradition than with modernization.

It spends large sums to build and repair mosques and pays a corps of loyal mullahs who preach sermons in favor of General Najib's rule. But that campaign is not fully effective, Kabul residents said.

"The people know the difference," said a young businessman, one of several people to criticize the government's Muslim credentials. "They want real mullahs, not government employees."

Throughout the month in Kabul, residents were more emphatic in condemning the failings of the mujahidin than in praising the government, a fact that tended to support the view that the guerrillas' performance has been central in the shift of opinion against them.

Many people pointed to infighting among leaders of the Pakistan-based guerrilla alliance, saying it showed they were more interested in power for themselves than in their *jihad*, or holy war, against communism in a Muslim land.

"The people have seen that the mujahidin leaders cannot form a government, and so they are afraid to support them," said a government employee who, in the privacy of his home, said he had long sympathized with the guerrillas.

James Rupert/The Washington Post

Shopkeepers in Kabul cleaning up after a car bombing.

Crosses Grow Amid Nicaraguan 'Truce'

By Mark A. Uhlig
New York Times Service

LLANO GRANDE, Nicaragua — A military post guarding this hamlet about 110 kilometers east of Managua consists of a few pup tents on a grassy hilltop and a handful of local reservists.

On the night of July 11, a dozen unidentified men attacked the post with machine guns and grenades and the defenders were quickly routed.

Small crosses mark the sites where three reservists were killed as they ran to their homes. Their commander, an army lieutenant, took cover to make a last stand. His cross is behind a bullet-riddled tree.

The attack, described by the families of the fallen men, plunged this small town into the grief and pain that most Nicaraguans hoped had ended with a cease-fire between the Sandinistas and the rebels more than a year ago.

Along with other episodes of recent fighting in this region, it has formed part of what Sandinista officials say is a renewed offensive by contra forces, in violation of the cease-fire accord and an agreement between the Bush administration and Congress on conditions for aid to the contras.

Congress approved nearly $50 million in nonmilitary aid to the contras on the condition that they refrain from attacks.

But since mid-April, when the aid package was approved, Sandinista officials have reported a sustained increase in attacks, including 58 against civilian targets, resulting in 33 deaths, 24 injuries and 100 abductions.

Statistics on contra clashes with Nicaraguan military forces have not been made public.

Contra leaders deny any role in the reported increase in aggressive action, accusing the Sandinistas of fabricating evidence in an attempt to provoke a cutoff in U.S. assistance. In addition, they say, the government has used the cease-fire to pursue and attack rebel troops and sympathizers.

"The fact is that our combatants in Nicaragua do not have any offensive capacity," a member of the rebel directorate, Adolfo Calero Portocarrera, said by telephone from Miami.

"At most, they can defend themselves. We are not taking any military action, and that policy has been transmitted to all of our people in the field."

But the Sandinista assertions have been supported by anti-war monitoring groups like Witness for Peace, whose network of observers in the Nicaraguan countryside has reported an increasing number of attacks in recent months.

Concern over such reports last week prompted a group of 83 members of Congress to write to Secretary of State James A. Baker 3d, demanding an investigation of the attacks and suspension of aid to any contra units involved.

"Contra activity has not ceased in Nicaragua and, in fact, combat has increased," said Rhonda Collins, a spokesperson of Witness for Peace in Managua.

"We continue to document large quantities of attacks that do not indicate in any way that the contras have chosen as a strategy or policy to stop their military activities in Nicaragua."

Among the clashes reported in the congressional letter to Mr. Baker were 10 attacks on civilian targets, resulting in nine deaths.

Recording attacks in the countryside has been complicated by the strong political motives that both sides have for misrepresentation.

The political dimension has grown as the government and its opponents have begun to compete for support in national elections scheduled for February 1990.

Under an agreement reached between the Sandinistas and the contras last year, sizable guerrilla units have remained inside the country, protected by the cease-fire as long as they stay put and do not take the offensive. Contra leaders estimate that there are about 3,000 such guerrillas.

Maintaining the cease-fire was always considered a delicate undertaking. But the U.S. aid package, which directly links aid to the conduct of fighters in the field, has increased the stakes for the contra exile leadership as it tries to enforce discipline among guerrillas at the end of a long chain of command.

Contra leaders routinely deny any connection to clashes, while the government has begun to describe virtually every unidentified rural attacker as a contra. In some instances, it is assumed that attackers might be contra sympathizers or other rebels looking for guns.

MD-80 Jets Vandalized At a Plant in California

New York Times Service

LOS ANGELES — Four commercial MD-80 jets newly built by McDonnell Douglas were apparently vandalized last week as they awaited preflight tests at a plant in Long Beach, California, a company spokesman said.

The damage included severed hydraulic lines, steering cables and wiring on brake. The company said it had no suspects or any idea of a motive but added that it appeared to be the work of one person. The spokesman said the company thought an employee was responsible because it would have been difficult for an outsider to gain access to the planes.

New Drug For AIDS Effective in U.S. Tests

The Associated Press

WASHINGTON — Federal researchers said Thursday that a drug called DDI might become a powerful new weapon against AIDS and that patients in a trial of the drug had gained weight, felt better and were able to resist infection.

"This is not a cure for AIDS," said Dr. Robert Yarchoan, a researcher at National Cancer Institute. "But it appears to control the disease."

DDI, laboratory shorthand for dideoxyinosine, combats AIDS by blocking reproduction of the human immunodeficiency virus, which causes the disease. This action is similar to that of AZT, the only drug now approved to treat AIDS directly.

"Like AZT, it appears to reduce the replication of the virus and controls the disease," Dr. Yarchoan said Thursday. "It can keep the virus from replicating, but it can't rid the body of the virus."

By reducing what doctors call "the virus load," Dr. Yarchoan said, DDI enabled the body to recover some ability to fight infection. The death of AIDS patients usually occurs from infections that their weakened immune systems cannot combat.

National Cancer Institute researchers say they hope to receive approval from the Food and Drug Administration to start second-phase clinical trials of DDI by September. Dr. Yarchoan said those trials would involve about 1,000 AIDS patients and 20 centers around the country.

The trials could last six months to a year, he said. If they go well, DDI could then receive federal approval for wide use.

Dr. Yarchoan, a leader of the research group that is conducting the early, limited clinical trials with DDI, said the new drug had important advantages over AZT. He said it was less toxic, better tolerated by patients and necessary only two or three times a day. AZT must be taken six times daily without fail, which requires patients to awaken during the night.

Other researchers have reported that some AIDS virus strains have developed a resistance to AZT after long-term use, Dr. Yarchoan said. A combination of DDI and AZT may eventually be shown as the best way to control the virus.

Dr. Yarchoan said the clinical trials of DDI started 47 weeks ago, for 26 patients. Five patients, who earlier were taking a closely related compound called DDA, were added later. The trials are designed to determine the effective dose of DDI, he said.

Fifteen of the patients had previously taken AZT but had been forced to stop because of severe toxic reactions.

"We started at very low doses, and as the patients tolerated each dose we worked our way up," Dr. Yarchoan said. "After the first four doses, we found hints of activity, but nothing that was too substantial.

"But in our fifth dose, we found very consistent improvement in immunologic function and at the same time evidence that the amount of virus in the people was going down."

Another National Cancer Institute researcher, Dr. Phillip Pizzo, is using DDI in clinical trials on 32 children who were born with AIDS or developed it shortly after birth.

He said Thursday that the study was not completed but added that "the results are very encouraging" and indicatee that DDI might be "highly effective" against AIDS in children.

DDI was developed at the National Cancer Institute by a team led by Samuel Broder. A license to manufacture the drug, if it is approved, has been awarded to Bristol-Myers.

A report on the cancer institute's drug trials will appear Friday in Science, the journal of the American Association for the Advancement of Science.

WORLD BRIEFS

25 Die in Renewed Lebanon Shelling

BEIRUT (Reuters) — A storm of shelling between Syrian and Lebanese gunners reduced parts of Lebanon to rubble and flames overnight and killed more than 25 people, security and hospital spokesmen said Thursday.

Fifteen died in Beirut as shells and rockets struck hospitals, bomb shelters, schools, embassies and apartment blocks. Christian artillery for the first time reached the village of Deir Zannoun, seven kilometers (five miles) from the border with Syria. Scores of Syrian soldiers were killed or wounded, security spokesmen and witnesses said. No further details were available.

After the shelling died down, Christian warplanes put on a show of force, security sources said. Two planes flew reconnaissance missions over Syrian gunboats, which were waiting for ships carrying arms to the Christian enclave controlled by Major General Michel Aoun.

Cambodians Agree on Compromise

PARIS (Reuters) — The four warring Cambodian factions settled a disagreement on Thursday over who would represent them at the international conference on Cambodia this weekend, the French Foreign Ministry said.

Negotiators hammered out a compromise to seat all four behind the name Cambodia. The four-headed delegation will have no spokesman at the 20-nation conference.

The four factions are Prime Minister Hun Sen's government, the radical Khmer Rouge and the non-communist guerrillas supporting Prince Norodom Sihanouk and former prime minister Son Sann.

Polish Party Leadership Meets Today

WARSAW (AP) — The Polish Communist Party Central Committee will convene Friday to consider its first leadership changes in eight years.

The meeting appeared likely to bring General Wojciech Jaruzelski's resignation as party chief, after his recent election as president. The party's 230-member Central Committee may also take initial steps to dissolve the party and form new groupings on the left.

Party members have said the Central Committee is likely to call for a full congress, the first in three years, to determine whether to dissolve the party, which claims a membership of more than two million.

Plan to Elect Uno's Successor Is Set

TOKYO (AFP) — The governing Liberal Democratic Party is to elect a prime minister on Aug. 10 to succeed Sosuke Uno, who is resigning after the party suffered a crushing electoral defeat, an official said Thursday.

The official, Takami Eto, the party deputy secretary-general, said a new party president would be elected during a five-day joint plenary session of the 403 Liberal Democratic members of the Diet, or parliament, starting Aug. 7. The Diet will then elect a prime minister in a special session on Aug. 10, he said.

The party president is virtually assured of the prime ministership on the strength of the majority that the conservative Liberal Democrats still enjoy in the 512-seat lower house. In the upper house, they lost their majority for the first time in 35 years in an election on Sunday. The party now has 110 of the 252 seats in the chamber.

Moscow Denies Connection to Bloch

MOSCOW (AP) — A government spokesman said Thursday that the Soviet Union has no connection with Felix S. Bloch, a U.S. diplomat suspected of being a spy.

Gennadi I. Gerasimov, the Foreign Ministry spokesman, said at a news conference that he had made inquiries about Mr. Bloch's activities. "The name of Bloch was not familiar," he said. "We have no connection with him. We have nothing to do with him."

The U.S. State Department is investigating Mr. Bloch for what it says are activities involving "agents of a foreign intelligence service." According to news reports in Washington, a videotape exists showing Mr. Bloch passing a briefcase to a Soviet agent in Paris.

Business Losing Confidence in Kohl

BONN (Reuters) — Confidence in Chancellor Helmut Kohl's government has substantially declined among West German business leaders this year, according to an opinion poll published Thursday.

Seventy-one percent of senior managers said they did not think Mr. Kohl's center-right coalition was strong enough, the Allensbach polling institute reported. Its survey was carried out in June. A similar poll in January showed that 37 percent of managers were unhappy with the government.

But two-thirds of the 375 managing directors questioned thought West Germany's economy would continue to boom in the next six months. The Allensbach director, Elisabeth Noelle-Neumann, ascribed the low rating to local election setbacks and policy reversals.

TRAVEL UPDATE

French Air Traffic to Be Disrupted

PARIS (AFP) — European vacationers again face long waits as air traffic over France is likely to be disrupted by the second strike by control tower technicians in two weeks.

The strike by the technicians, who maintain the electronic equipment used by air controllers, began late Wednesday and is to last until Monday, their union said Thursday.

It occurs in the middle of the holiday season, with hundreds of thousands of French, among others, due to depart or return over the weekend. The previous strike, from July 11 to 17, caused delays and cancellations of flights in France, Britain, Switzerland and Spain.

An Israeli travel agency announced that the Soviet Union had agreed to allow the company to process tourist visas for Israelis for the first time since 1967. The arrangement was entirely a private business matter initiated a year ago by Natour, a Tel Aviv-based travel brokerage chain, its managing director said. *(NYT)*

Long lines formed in Portugal at automatic cash dispensers all over the country on Thursday as bank workers began a seven-day national strike for higher pay. The strike led to a run on cash machines in central Lisbon and caused chaos at the capital's airport, where arriving tourists could not change foreign currency for escudos. *(AP)*

Aeroflot and Lufthansa reached agreement on setting up a joint venture to carry out extension and modernization work at Sheremetyevo Airport in Moscow. Lufthansa said they two companies had agreed to carry out a feasibility study into the project, which in addition to extensive modernization would involve building a new freight terminal, a maintenance area and a hotel at the airport. *(AFP)*

Colombo Seeks To Calm Rift With India

Washington Post Service

COLOMBO — Sri Lanka publicly backed away from threats that it would try to forcibly eject Indian troops from the island Saturday, easing fears that a diplomatic row between the two countries might escalate into armed conflict.

For two months, Sri Lankan officials have demanded that about 45,000 Indian peacekeeping troops leave the country or confine themselves to their barracks by July 29, the two-year anniversary of an accord that brought the Indian Army to Sri Lanka in an effort to quell ethnic violence.

At times, Sri Lankan officials have warned that the Indian troops would be thrown out if they did not go voluntarily.

"We're not going to fight them," Foreign Minister Ranjan Wijeratne said. "They can't fight people who aren't fighting. We know our limitations."

WEATHER

EUROPE	HIGH		LOW		
	C	F	C	F	
Algarve	28	82	20	68	fr
Amsterdam	24	75	18	64	fr
Athens	33	91	22	72	fr
Barcelona	29	84	20	68	fr
Belgrade	31	88	18	64	fr
Berlin	21	70	12	53	sh
Brussels	23	73	15	59	fr
Budapest	27	81	17	63	fr
Copenhagen	18	64	10	50	sh
Costa Del Sol	28	82	21	70	fr
Dublin	19	66	14	57	sh
Edinburgh	17	63	12	54	sh
Florence	32	90	21	70	fr
Frankfurt	24	75	15	59	fr
Geneva	29	84	15	59	fr
Helsinki	20	68	11	52	fr
Las Palmas	25	77	23	73	fr
Lisbon	28	82	21	70	fr
London	23	73	14	57	fr
Luxembourg	23	73	16	61	fr
Madrid	32	90	18	64	fr
Milan	28	82	18	64	fr
Moscow	23	73	14	57	fr
Munich	23	73	14	61	fr
Nice	28	82	25	77	fr
Oslo	21	70	14	61	sh
Paris	25	77	17	63	fr
Prague	28	82	13	55	fr
Reykjavik	13	55	7	45	sh
Rome	31	88	20	68	fr
Stockholm	22	72	14	57	sh
Strasbourg	28	82	18	64	fr
Venice	27	81	19	66	fr
Vienna	28	79	17	63	fr
Warsaw	27	81	12	54	fr
Zurich	26	79	15	59	fr
MIDDLE EAST					
Ankara	37	81	11	52	fr
Cairo	35	95	22	72	fr
Istanbul	30	86	20	68	fr
Jerusalem	33	86	17	63	fr
Tel Aviv	32	90	20	68	fr
OCEANIA					
Auckland	—	—	—	—	no
Sydney	15	59	12	54	fo

ASIA	HIGH		LOW		
	C	F	C	F	
Bangkok	35	95	25	77	fr
Beijing	33	91	17	63	fr
Hong Kong	33	91	25	77	fr
Manila	33	91	24	75	fr
New Delhi	38	100	28	82	fr
Seoul	34	93	25	77	fr
Shanghai	34	93	25	77	fr
Singapore	31	88	24	75	fr
Taipei	35	95	25	77	fr
Tokyo	31	88	24	75	fr
AFRICA					
Algiers	32	90	18	64	fr
Cape Town	19	66	7	45	fr
Casablanca	23	73	21	70	fr
Harare	25	77	13	55	fr
Lagos	32	90	23	73	fr
Nairobi	27	81	9	48	fr
Tunis	36	97	24	75	fr
LATIN AMERICA					
Buenos Aires	—	—	—	—	—
Lima	—	—	—	—	—
Mexico City	25	77	12	54	fr
Rio de Janeiro	—	—	—	—	—
NORTH AMERICA					
Anchorage	20	68	12	54	pc
Atlanta	33	91	24	75	pc
Boston	24	75	20	68	sh
Chicago	29	84	22	72	pc
Denver	31	88	20	68	pc
Detroit	31	88	16	61	pc
Honolulu	31	88	19	66	pc
Houston	32	90	24	75	pc
Los Angeles	27	81	19	66	pc
Miami	32	90	24	75	pc
Minneapolis	27	81	18	64	pc
Montreal	28	82	17	63	pc
Nassau	31	88	24	75	pc
New York	26	79	20	68	pc
Phoenix	41	106	29	84	pc
San Francisco	23	73	13	55	pc
Seattle	22	72	12	54	pc
Toronto	28	82	17	63	fr
Washington	36	97	23	73	fr

c-cloudy; fo-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sw-snow; st-stormy.

FRIDAY'S FORECAST — CHANNEL: Slight. FRANKFURT: Cloudy. Temp. 26 — 12 (79 — 59). LONDON: Overcast. Temp. 27 — 17 (81 — 63). MADRID: Fair. Temp. 34 — 18 (97 — 64). NEW YORK: Partly cloudy. Temp. 32 — 24 (91 — 75). PARIS: Cloudy. Temp. 25 — 14 (77 — 61). ROME: Fair. Temp. 31 — 21 (88 — 70). TEL AVIV: Not available. ZURICH: Partly cloudy. Temp. 26 — 14 (79 — 57). BANGKOK: Rain. Temp. 32 — 25 (90 — 77). HONG KONG: Cloudy. Temp. 31 — 27 (88 — 81). MANILA: Cloudy. Temp. 31 — 24 (88 — 75). SEOUL: Showers. Temp. 28 — 22 (82 — 72). SINGAPORE: Showers. Temp. 29 — 24 (84 — 75). TOKYO: Cloudy. Temp. 31 — 25 (88 — 77).

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ORLD BRIEFS

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Losing Confidence in Kohl

RAVEL UPDATE

or Traffic to Be Disrupted

WEATHER

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What if Gorbachev Fails?

Why aren't American political leaders and policy experts more concerned for Mikhail Gorbachev's fate?

The Soviet leader faces staggering problems that he may not be able to manage well for a decade, if ever. Still he presses ahead, over mounting conservative opposition, offering democratic reforms to strikers, more autonomy to restless regions, greater freedom to Eastern Europe and a far less threatening foreign policy to the West.

These policies embody the highest Western goals in ways that have been unimaginable since World War II. Yet many Americans regard Mr. Gorbachev's difficulties with indifference or even vindictive satisfaction.

So what, some conservative pundits and policy strategists argue, if he should fall and hard-line Stalinists re-emerge? Better for that to happen now, before the West, filled with illusions, lowers its guard.

The answer to "so what" is that a new Stalinist regime would damage American interests. Such a government might reverse the Gorbachev reductions in military spending. It might well re-ignite trouble around the globe. It might well crack down on Eastern Europe. It would certainly revive tyrannical internal controls.

Other conservative thinkers think it would be good if Mr. Gorbachev failed and the Soviet Union splintered. A smaller Soviet Union would be less threatening to the West, they say.

But a truncated Soviet Union could also harm American interests. For Azerbaijan to become independent would spell doom for the Armenians living there. Other ethnic minorities would be endangered in other new states. Traditional anti-Semitism could be expected to explode, bloodily. Meanwhile, new small states could present tempting targets for China or radical Islamic movements and create volatile arenas for great power rivalry.

Western European leaders recognize the dangers of renascent Stalinism and fragmentation and the need to bolster Mr. Gorbachev. But they look to Washington for leadership. President Bush and Secretary of State Baker seem to grasp the importance of not hurting Mr. Gorbachev's standing. But they have been slow to help him. They remain dismayingly grudging.

Perhaps they have not focused hard on how much more troublesome a Soviet Union without Mr. Gorbachev would be. Perhaps they think the Soviet leader doesn't have much of a chance anyway, and they can't do much to help.

It's true that the West can't do a great deal, given the vastness of the Soviet Union and its difficulties. But there is much that can be done at the margins, and the margins could be very important.

Moscow is prepared to reduce its arms disproportionately to release resources for internal development. It is in Western interests to promote both those goals. The way to do so is to nail down treaties quickly to cut strategic arms and conventional forces in Europe and to phase out nuclear testing and production of fissionable material. Such agreements would leave the West better off in the quantitative balance of power and would preserve its technological advantages.

The United States could also suspend trade restrictions against Soviet imports, provide credits and loosen controls on technology. The recent Commerce Department decision to sell previously banned personal computers is an example of what can be done in the mutual interest.

Nor should it be unthinkable to help Mr. Gorbachev, if he wants help, to overcome the far-flung strikes that threaten his economic reforms. What would be wrong with sending food and medical supplies to these workers and miners who have been living in such misery?

Americans may marvel at Mikhail Gorbachev's political virtuosity, exemplified by the way he defused the miners' strike by professing to lead them against the Communist Party establishment. But simply admiring his virtuosity is not enough.

Still frozen in a cold war mentality, many Americans refuse to acknowledge the consequences should Mr. Gorbachev fail. Americans cannot insure his success, but they can at least recognize the historic opportunity he offers for more freedom in the Soviet Union and less danger in the world.

— THE NEW YORK TIMES.

The Thugs of the Koevoet

There are many jolts on Namibia's road from South African colony to independent nation, but perhaps the most severe is currently being administered by "Koevoet." This paramilitary force, created by South Africa, earned a reputation for brutality in counterinsurgency against the Namibian resistance movement, SWAPO. Supposedly disbanded, it seems to have taken on new life in the civilian police force in Pretoria's transitional government. With the peace agreement in Namibia, its old counterinsurgency mission is moot. Recurrent reports indicate, however, that Koevoet members are assigned — in armored personnel carriers — to intimidating SWAPO's political constituency. This becomes an increasingly serious concern as the country moves toward elections on Nov. 1.

The process that is meant to remove Namibia from South Africa's colonial grasp is nominally in the hands of the United Nations, which has several thousand military observers, some hundred police monitors and a lesser number of election monitors on the scene. The actual operation of this process, however, is being conducted by South Africa acting through a local administrator. As between the UN and South Africa, it is a mismatch: the latter, having been there 70 years, has the savvy, the clients and the resources on the ground. That is why it is so important for others outside Namibia to bring their political weight to bear to ensure South Africa's fair delivery on its pledge to free Namibia. The Bush administration, whose favor the South African government is eager to cultivate, has recently joined those publicly protesting the activities of the Koevoet.

Much has been accomplished since the United States last year brokered a general settlement on Namibia. The war has been stopped and military units have been withdrawn; SWAPO's early efforts to establish a military presence beyond UN control were rebuffed. The apartheid laws governing the million or more people who live in sprawling Namibia have been repealed. Some 40,000 Namibians, forced into exile by South African depredations, are returning. The stage is being set for the elections that will let Africa's last colony determine its own political future. Clearing out the thugs of Koevoet is central to this goal.

— THE WASHINGTON POST.

The Right Move on Steel

President Bush's decison on steel is a sensible and courageous one. Over two and a half years starting in October, he is going to dismantle the world steel cartel that the United States has been running. It allocates shares of the American market to the other major steel-producing countries. As an experiment in unfree trade, it has proved to be expensive. It has raised steel prices to the American manufacturing industries that have to buy it, and it has resulted in recurrent shortages of supplies to them.

The Reagan administration set up the cartel in an unwise response to the deluge of complaints, many of them justified, from American steel companies that foreign producers were being subsidized by their governments. Steel is in oversupply worldwide, and some countries have been putting public money into their mills to keep employment up. To get rid of their surplus production, they have been selling it below cost in the United States. That is illegal under American law. The Reaganites set up the market-sharing system not only to protect American steel makers but also to avert an epidemic of litigation in American courts over dumping. The Reagan administration felt that the political strife threatened by the dumping suits would do intolerable damage to U.S. relations with, in particular, Europe, Japan and Brazil. That is the risk that President Bush is now taking.

He intends to use the next 32 months to negotiate a world agreement to end subsidies of steel exports. The countries that adhere to it will have unlimited access to the American market. Those which succumb to the old habits can expect to be sued. Will there be a lot of suits? Probably, at least at first. Will that sour relations with some foreign governments? Maybe. Will the American steel market be more efficient and more responsive to its customers? Yes. That is the point of Mr. Bush's decision.

You can expect to hear the usual objections from abroad. One will be that the Americans are again trying to impose their own national standards on other countries' industrial policies. The answer is that the United States is going to open up the world's only free market for steel, and that foreign producers are welcome to come in but will have to play by the rules. Those rules will be under discussion in the forthcoming international negotiations. But the same standards will apply to both domestic and foreign producers. The American steel industry has always claimed that it would prefer fair competition to protection. Now it will have its chance to compete.

— THE WASHINGTON POST.

Other Comment

Peace Through Assassination?

"Eliminate" Yasser Arafat and peace will blossom in the Middle East?

Let us not mince Ariel Sharon's use of the word. It is a euphemism for assassinate. Fortunately, Mr. Sharon does not have the authority to order this done; like his ill-begotten invasion of Lebanon in 1982, it would plunge the region deeper into violence.

Eliminating Mr. Arafat would not end the conflicts between Palestinians and Jews. Whether rightly or not, Mr. Arafat is now a symbol of moderation, having renounced violence, which his critics are free to disbelieve but must still deal with. But Mr. Sharon and his allies have no intention of ever negotiating for a peaceful end to the strife. Their "advice" should be firmly rejected.

— Decatur (Illinois) Herald and Review.

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OPINION

Is Margaret Thatcher Destroying Democracy in Britain?

By David S. Broder

WASHINGTON — Two years ago, a Conservative member of the British Parliament, Richard Shepherd, won an unusual sort of lottery. By the luck of the draw, he gained the right to have a private member's bill — a measure not sponsored by the government — considered ahead of all the other such legislative proposals in the House of Commons.

What happened to Mr. Shepherd and his bill explains why some normally calm people worry whether Prime Minister Margaret Thatcher's legacy may include a sharply diminished degree of freedom — for average citizens and even members of Parliament.

While others dismiss such fears as wildly exaggerated, Richard Shepherd has reason to think they are all too real. The 47-year-old businessman has no background as a journalist or in the security services, but he knew that both Fleet Street and MI6, the British intelligence agency, had major problems with the Official Secrets Act of 1911, the basic law covering illegal disclosure of information. On paper, it was a threat to publication of something as innocuous as the prime minister's luncheon menu. In practice, it too often proved unenforceable — even in cases where genuine security information had been spilled.

The Thatcher government had tried to remedy the problem in its first Parliament but had given up when it became clear that controversy over this issue might cloud the prospects for higher-priority measures. So Mr. Shepherd used his bill to introduce what he considered a modest and moderate attempt at reform. It drew cross-party support from prominent Tories, Labor, Liberal and Social Democratic politicians.

Mrs. Thatcher first sought to dissuade him from moving his bill. "I find it difficult to see how a private member's motion could be the appropriate vehicle for amending the law dealing with the security of the state," she wrote him in October of 1987. When he replied that he was open to suggestions and amendments, she wrote back in November that she preferred not "to enter into a dialogue about the substance of your bill."

When Mr. Shepherd persisted, the government, for the first time in history, ordered a "three-line whip" against a private member's bill. That required Conservatives to be present and to vote against the measure.

The tactic worked and the bill was killed by 37 votes, even though 70 Tories broke ranks by abstaining or voting no. This year, the government put through its own version of a new Official Secrets Act. Home Secretary Douglas Hurd called it "an unprecedented thrust in the direction of openness," a statement that Des Wilson, chairman of the Campaign for Freedom of Information, and a former Liberal Party chairman, called "an unprecedented ... misrepresentation."

While ostensibly "narrowing the scope" of the discredited 1911 law, the new measure:

- Instituted a lifetime ban on disclosure of any information by members of the intelligence service;
- Made it a criminal offense to disclose or publish unauthorized information on security, intelligence, defense or international relations in any case where the government can prove that harm, as it is broadly defined, results. "Harm" includes anything likely to jeopardize Britain's interests abroad or the ability of the armed forces to carry out their tasks;
- Rejected a "national interest" defense for whistle-blowers and a defense based on prior publication.

The government was adamant on the last two points. It was still smarting from the decision by the Law Lords, Britain's ultimate appellate court, to permit publication of "Spycatcher," a book detailing alleged improprieties in British intelligence services. Anxious that such a precedent not stand, Mrs. Thatcher again invoked stringent discipline against any amendments to her bill. A change that would permit intelligence officers to publish their memoirs if cleared by the government was defeated handily. One allowing a public-interest defense in cases of "imminent and serious threat to public health and safety" also went down.

After 13½ hours of debate, Mrs. Thatcher's floor leader invoked "the guillotine," in effect, cutting off debate. That produced a protest from the former Conservative prime minister, Edward Heath, who said, "This is a bill that goes to the heart of the safety of the realm and the freedom of the individual. A Conservative government, above everyone, should give proper time to discuss these matters." But debate ended and the unamended measure was passed.

The effect of the law will not be known until it is tested, and Mr. Hurd conceded that "it will take three or four years to know what the effect is."

But to Mr. Shepherd, a loyal Tory who strongly supports Mrs. Thatcher's economic policies, the episode is deeply disquieting. "She is hostile to lawful dissent," he said recently, "and our country is built on the tradition of lawful dissent. She absolutely believes that issues of national security and secrecy are no business of Parliament. She thinks it's the government's business, her business. She has no notion of checks and balances. And in our system, once in power, a prime minister is nearly absolute, at least until public opinion says she has gone too far. I think the public is beginning to understand how authoritarian she is."

When those words were quoted to Mr. Thatcher's press secretary, Bernard Ingham, he gave a blunt reply: "I have no comment on Mr. Shepherd, but I can tell you the prime minister does believe the security services are essential to the safety of the state and they serve the nation best if they are not put under public scrutiny.

"As for his argument that there are no checks and balances, I would just remind you that it is always possible to remove a government at the ballot box and it is possible for Parliament to vote a government down."

Mr. Ingham's willingness to speak on the record on this subject was in itself a departure from the norm, for much of the debate over public policy in Britain is conducted by nameless officials, either civil servants like Mr. Ingham who brief the press on a non-attributed basis, or members of the government and the opposition, who conduct their arguments through leaks to journalists.

There is, of course, vigorous open debate in the Parliament and the famous question periods, when the prime minister, twice a week, faces 15 minutes of provocative grilling from the opposition benches. In practice, however, the question periods increasingly resemble the U.S. presidential campaign debates, where each side strives for the best sound-bite, rather than the illumination of an issue. A typical exchange recently had Michael Foot, the former leader of Labor, asking Mrs. Thatcher "why she is always at her most dogmatic or strident on subjects like railways, football or the National Health Service, about which she knows least," and Mrs. Thatcher replying, "I would not say he was the person who knew the mostest [sic] about anything." Good theater, but not much substance.

Douglas Hurd, Bernard Ingham and many others — both politicians and civil servants — argue that far more information is now available from government. They criticize the press for ignoring substance in favor of sensationalism.

But many British journalists tell a different story, and the argument over secrecy is part of a much larger debate about the health of Britain's democracy — an argument that reaches from the restrictiveness of the country's immigration laws to the centralization of power Mrs. Thatcher has achieved through 48 separate statutes reducing the authority of local governments or in some cases simply abolishing them.

Questions have been raised about statutes banning "hippies" from going within eight miles of Stonehenge; about legislation requiring soccer fans to carry identity cards; about police searches of newspaper offices seeking evidence for criminal prosecutions; about injunctions blocking BBC documentaries; about a ban on the distribution of a Harpers magazine article on the intelligence services (lifted only last week, months after it was laid down); about a ban on TV interviews with members of the IRA or its political arm, Sinn Fein; about the government's refusal to grant patients of the National Health Service and customers of banks access to their own health and credit records, if those records are kept manually rather than electronically; about a system of elections which has given Mrs. Thatcher unassailable parliamentary majorities even while her party has been stuck at about 42 percent of the popular vote; and about the way she has used those majorities to curtail free speech in Parliament itself.

Mr. Heath has cited figures that in the four years he was the Conservatives' chief whip, the "guillotine" was invoked only twice, and only three times more in his four years as prime minister. Coming into 1989, Mrs. Thatcher had ordered debate "guillotined" 47 times.

Much of this concern stems straight from the structure of British government and society rather than Mrs. Thatcher's personality. In a multiparty, winner-take-all system, plurality victories in individual constituencies can produce governments with unassailable parliamentary majorities. And those governments are expected to exercise their authority to the full.

Furthermore, Britons have been schooled to think of themselves as subjects, not citizens; as people with freedoms granted by government, not with rights guaranteed against government interference. There is a movement — largely among intellectuals and lawyers — to develop a British equivalent of the Bill of Rights. Critics like Mr. Ingham argue that it is a symptom of a fashionable urge among "the chattering classes" to "Americanize" Britain's unwritten constitution.

Others think it a last-ditch stance against what Lord Hailsham, in a celebrated lecture two years before Mrs. Thatcher came to power, foresaw as the danger of Britain's democracy degenerating into "elective dictatorship."

In the House of Lords debate on the Official Secrets Act, Lord Jenkins, one of the founders of the moderate, and now dying, Social Democratic Party, said, "We are very close today to the exact circumstances" of which Lord Hailsham "was warning us."

Another member of the Social Democrats, Lord Kennet, argues that "it is later than we think." He sees Mrs. Thatcher as someone so bent "on extirpating what she calls socialism from Britain" that she is systematically undermining any and all institutions which stand in her way.

"If British totalitarianism were to emerge, this is how it would look," Lord Kennet said. "No grand revolution, no *coup d'etat*, not much shouting; just a slow drip-drip wearing away our rights and liberties."

Looking at the same question from the Downing Street perspective, Mr. Ingham said, "You want to know if we're still a healthy democracy. Well, when the prime minister goes to a NATO or European summit, she goes as the strongest leader at the table. She has an unassailable parliamentary majority and a third term. So our system of democracy is capable of producing strong governments. That is one thing you cannot take away from us."

Whether that undoubted achievement comes at too high a price for other measures of democracy — freedom of information, civil liberties, healthy local governments, effective checks and balances — is a question that can only increase the longer Mrs. Thatcher remains in power.

Public opinion polls show the Conservatives would lose to Labor by a wide margin if an election were held now. But she need not call an election for almost three years — another power she exercises over her adversaries.

And if she wins again, the question of British democracy may loom much larger in the 1990s than it does today.

The Washington Post.

'She has no notion of checks and balances. And in our system, once in power, a prime minister is nearly absolute, at least until public opinion says she has gone too far.' —Richard Shepherd, a Conservative member of Parliament

An Amateur Does Not Make a Good Ambassador

By Ronald I. Spiers

This is the second of two articles.

WASHINGTON — Once upon a time, generals were appointed on political grounds. Commissions were sold and senior military officers were selected for their connections. The story of Britain's misadventures in the Crimean War demonstrated the folly of those traditions, and today no one thinks of appointing military leaders because of their political campaign contributions.

I believe professionalism is as important in the diplomatic service as it is in the military and intelligence services.

This does not mean that the diplomatic service, any more than the military, can be a law unto itself. Nor does it mean that political appointees cannot make outstanding ambassadors. But things are getting out of hand.

The politicization of ambassadorships, which accelerated under the Reagan administration, is getting worse in the Bush administration — despite expectations that a president who had served in foreign affairs positions himself would change things.

Competent non-career ambassadorial appointees are welcomed by the career service. I have worked under several, including David Bruce and Elliot Richardson, who were my chiefs when I was posted in London. These were people with serious interests and extensive backgrounds in foreign affairs, superbly qualified to contribute effectively to the conduct of American foreign relations. However, appointees of this caliber are now very much the exception. And during President Ronald Reagan's eight years the percentage of political appointees rose from 25 to 40.

This has two effects. First, it demonstrates a casualness, a lack of seriousness of purpose, on the part of the United States. Imagine the reaction in The Bahamas when the new U.S. ambassador listed as his job qualifications the facts that he came from a state where gambling was a big industry and that he liked to play golf. Twice in recent years, political ambassadors have had to be removed for outrageous personal or sexual behavior.

Second, it makes management of a career service difficult, and ultimately weakens America's diplomatic capability. We have had a recent exodus at the top of our service as some of our best senior personnel — people who have been trained and paid at taxpayer expense — find that they have no future in the Foreign Service because people whose only qualification is the size of their political contributions have preempted positions that career officers had spent a lifetime preparing to occupy. They leave, and the United States loses valuable assets. It is having a corrosive effect on some of our brightest younger and mid-level officers who no longer have the spur of a good chance at ultimately holding positions at the highest levels.

It needs to be understood that an ambassador is not a policymaker. Policies are made in Washington, and carried out in the field. This is probably the basis for the frequent contention that ambassadors are essentially "messenger boys." So, it is asked, what difference does their qualification make? I encountered this contention frequently in the last administration. There is a self-fulfilling aspect to this canard, since Washington will avoid dealing through or listening seriously to people of whose qualifications it is skeptical.

In fact, an ambassador's energy, persuasiveness, judgment, contacts, substantive knowledge, his ability to act coolly or improvise quickly on the basis of experience or well-honed instincts and intimate knowledge of U.S. goals and objectives, can be crucial in a crisis. There is no substitute for on-the-spot knowledge of other cultures, languages, personalities and what buttons to push to get results.

I believe the Bush administration should show much greater care in its selections than it has to date, as well as recognize the impossibility of keeping an astute and effective career service if its members conclude, as too many have, that the opportunities for promotion to the most responsible positions either at home or abroad are greatly restricted.

At last count before I left the State Department, more than 100 senior officers were without assignment. These so-called "corridor walkers" are people with the skills, background and experience — and the years of training — to represent America with credit. It is an unconscionable waste of an important national asset. Foreign diplomats shake their heads in wonder at this American profligacy.

There is a set of plaques in the main lobby of the Department of State headquarters in Washington. Each May the names are added of those members of U.S. diplomatic staffs who have been killed in the line of duty in the previous 12 months.

When I joined the Foreign Service in January 1955 the plaques held 72 names, covering a period of 175 years. During the 35 years I was a Foreign Service officer, 90 names had been added, most victims of terrorist action. It angers me to see their legacy of diplomatic skill and professionalism being squandered by Congress and the administration.

The writer retired last month as the senior member of the U.S. Foreign Service. Next month he will become United Nations undersecretary-general for political affairs. He contributed this comment to The Washington Post.

Stealth 'Sticker Shock' Is Obscuring the Long View

By Donald J. Atwood

The writer is U.S. deputy secretary of defense

WASHINGTON — The congressional debate over the B-2 Stealth bomber now moves to a new phase. The Senate this week imposed certain performance criteria as a condition for its support of the B-2. We expect the plane to pass those tests. But Wednesday, the House severely cut funds for the bomber. The issue there seemed to have less to do with performance than with "sticker shock."

When some members of Congress say the United States cannot afford a strategic manned bomber, they really mean that they do not want to cancel lower priority programs to pay for it. They would prefer to keep the B-2 and other contentions programs alive by slowing them and refusing to make hard choices. This can only drive up unit costs and create still harder budget decisions in the future.

The United States can ill afford not to build the Stealth. At $70.2 billion, the cost of the program would be high but not out of line. The security this revolutionary aircraft would provide makes the price more than worthwhile.

The cost figures for the B-2 need some perspective. At $274 million a plane, the plane's "fly-away cost" (the actual expense of making the plane, disregarding money already spent on research and development costs) is in keeping with that of other airplanes, none of which have its amazing capabilities.

By comparison, a B-1 manufactured today would cost $228 million. Moreover, the B-1's price would equal the Stealth's if additional airborne tankers were built to give the B-1 the range of the Stealth. Even then, the B-1 still could not match its more capable successor. Large airplanes are expensive. Even a commercial Boeing 747 passenger liner costs $125 million to $150 million.

Some people argue that, at $7 billion to $8 billion a year, the B-2 would eat up too much of the defense budget for one weapon system. But the B-52 accounted for 1.4 percent of the defense budget during its procurement period of 1952 to 1961. The B-1 consumed 1.6 percent of the defense budget from 1982 to 1986. The B-2 is projected to take only 1.3 percent of the budget between 1987 and 1996.

The real question is not whether we can afford the B-2, but what do we get for the money? What purpose would the B-2 serve? And what would be the political and national security costs of not going ahead?

The B-2 decision is really a decision about the strategic role of the penetrating, manned bomber. Improvements in Soviet air defenses will make it increasingly difficult for existing bombers to reach prime targets over Soviet airspace. The B-2's characteristics, which make it virtually invisible to radar, and other advanced systems will make it possible to maintain an effective strategic bomber force for decades.

Penetrating bombers provide one leg of the deterrent triad that forms our strategic defense against the Soviet Union. Sea-launched ballistic missiles and intercontinental ballistic missiles are the other parts. The triad creates a retaliatory force that can survive a first strike of any size.

Far from being outdated in a missile age, manned bombers work synergistically with ballistic missiles to make Soviet planning for a potential first strike more difficult. Because the timing requirements for an attack against bombers and missiles are so different, a mixed force of bombers and missiles is much safer than a force based on missiles alone. Bombers could be in the air before an intercontinental ballistic missile could reach the United States. But once in the air they wouldn't be irrevocably committed to attack.

This flexibility is important. Without it, the entire deterrent force would become significantly less stable.

Bombers also are vital to progress in the Strategic Arms Reduction Talks. Since they are so much slower than missiles, they are unsuitable for use as first strike weapons. As a result, both sides in the talks have agreed upon counting rules that could increase the relative dependence both the United States and the Soviet Union would place on their bombers.

Under the agreement now being negotiated, both sides would reduce their missile forces substantially. Fully 20 percent of our remaining nuclear weapons would be carried by the B-2. But our willingness to negotiate these terms assumes that we will have bombers that can penetrate Soviet airspace. Therefore, killing the B-2 would send us back to the drawing board on arms control.

Instead of nickel and diming the B-2 to death, Congress should decide once and for all on the airplane's merits. If they want to drop the B-2, the members should understand that they would be scrapping the strategic triad and jeopardizing arms control.

The administration's budget put a higher priority on the triad and arms control than on the short-term projects some members want to keep funding. Congress can reverse these priorities, but the public should be aware of what would be sacrificed.

The New York Times.

100, 75 AND 50 YEARS AGO

1889: Trial is Certain

PARIS — It is now certain that General Boulanger will be tried on the charge of misappropriation of public moneys by a court-martial, while the High Court will only concern itself with the charges of "attentat" and conspiracy. The court-martial can only be called after the High Court has pronounced sentence. Very probably Mr. Boulanger will exemplify the adage "out of the frying pan into the fire," for the charge of embezzlement seems to pick out the weakest point in the General's armor.

1914: European Conflict

LONDON — Sir Edward Grey announced in the House of Commons yesterday [July 27] that he had asked France, Germany and Italy if they would be willing for their Ambassadors to meet him in conference in London. Sir Edward said he had expressed to the other Ambassadors in London the view that as long as the dispute was one between Austria-Hungary and Servia alone, with some qualification, they (the other powers) had no title to interfere, but that if the relations between Austria-Hungary and Russia became threatened, that would be a matter concerning the peace of Europe, and of importance to all.

1939: Japan's Reaction

TOKYO — The Japanese Foreign Office today [July 27] discussed the possible retaliation against the action of the State Department in abrogating the treaty of friendship and commerce, it was reliably reported. Japanese officials, it was indicated, will center their retaliatory effort on United States interests in China. The first reaction in Tokyo to the State Department's action was one of shock and surprise. A long campaign, based on American forebearance in China, had persuaded the average Japanese that the U.S. was not against Japanese Government policy.

OPINION

The $10 Million Question: Who Was the Middle Man?

By William Safire

WASHINGTON — Remember the episode about the sultan of Brunei's misplaced $10 million during the Iran-contra investigation?

We all had a very good laugh at the sloppy way those national security types did business.

Ollie North, seeking funds for the contras, told Elliott Abrams at the State Department the number of a Crédit Suisse bank account.

Mr. Abrams, the assistant secretary of state for inter-American affairs, then went to the sultan of Brunei, an ally whose pockets resemble the Mindanao Deep, and asked for loose change.

But somebody got the account number wrong — 368 instead of 386 — and the sultan's 10 very big ones went to a surprised, unidentified Swiss businessman, who said he thought he had it coming from some other source, which was why he immediately switched it to another account.

Let's remember that: Bruce Rappaport was personally received at the NSC as a good guy.

Ultimately, the $10 million was returned with interest to the sultan and we all chuckled about how our National Security Council gang just couldn't shoot straight.

Now let's change the subject. Switch the scene to federal court in New York City, where E. Robert Wallach, the longtime friend of Ed Meese, is charged in the Wedtech case with extracting a half-million dollars from the company for supposedly influencing Mr. Meese, then the U.S. attorney general.

A somewhat intemperate judge is giving Mr. Wallach a hard time.

Avital Sharansky arrived to stand up for Mr. Wallach's character as one who helped her husband, Natan, emigrate from the Soviet Union, which might have affected some jurors.

Only after she had to leave for Israel to be at her mother's bedside did the judge grant permission for her to testify — too late for the defense.

My interest today is in a charge for which Mr. Wallach was never indicted.

On May 21, 1985, he was retained by the Swiss financier Bruce Rappaport to get Reagan administration support for a proposed billion-dollar Iraqi pipeline.

The idea, which would have been good for Middle East peace, was to obtain Israel's guarantee not to bomb the pipeline. Mr. Wallach took this legitimate proposal to his friend the attorney general, who promptly turned it over to the national security adviser, Bud McFarlane, then up to his hips in the arms-for-hostages swap with Iran.

In June of 1985, Mr. Rappaport was brought into the White House by Mr. Wallach and met Mr. McFarlane and NSC staff members.

Let's remember that: Bruce Rappaport was personally received at the NSC as a good guy, a friend of friendlies.

Embarrassingly for all, Mr. Wallach wrote a memo on Sept. 25, 1985, to Mr. Meese to the effect that his client was going to steer part of his profits "directly" to Israel's Labor Party, headed by Shimon Peres, to whom Mr. Rappaport was as close as Mr. Wallach was to Mr. Meese.

Mr. Peres quite credibly blasted this imputation of party bribery as untrue and Mr. Rappaport denied it as well to American investigators, although the Swiss citizen refused to testify unless he received immunity from all crimes including perjury, which is more than any prosecutor will extend.

The Wallach memo was deemed uncorroborated hearsay and the matter was dropped.

Besides, after Bud McFarlane quit, Admiral John Poindexter shot the pipeline deal down, and in 1986 Mr. Rappaport fired Mr. Wallach.

Now let's switch back to the hilarious "$10 million misunderstanding."

Last week, a U.S. official learned from Swiss government authorities that the person in whose account the money for the contras was "mistakenly" deposited, and who switched it quickly into another of his accounts, was thought to be Bruce Rappaport.

What a coincidence.

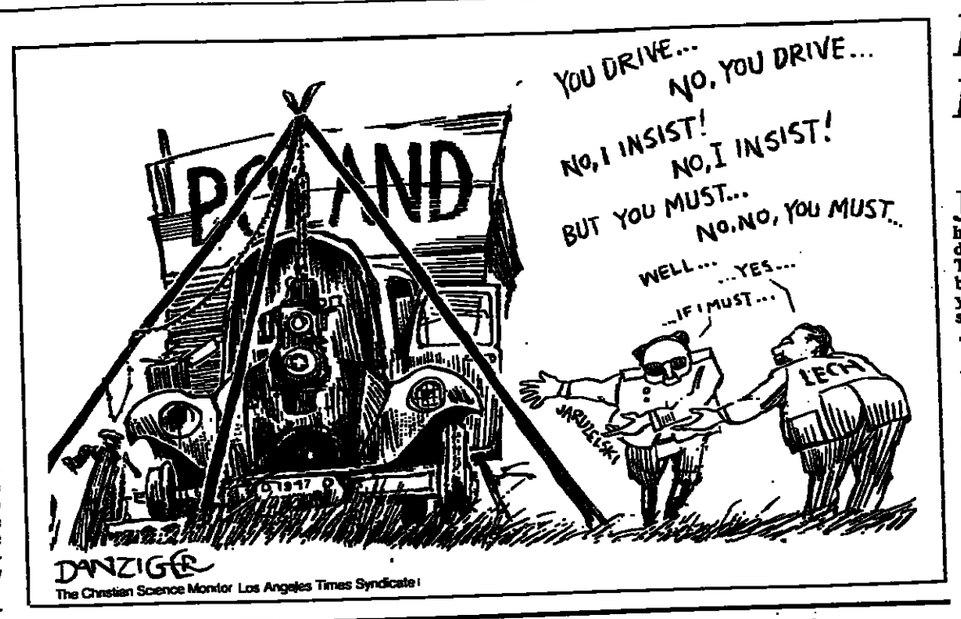
Of all the numbered accounts at Crédit Suisse, the one that turned up as the inadvertent recipient of $10 million directed by the NSC was the one belonging to 1) a man close to the Peres group in Israel working with Mr. McFarlane to arrange an arms-for-hostages trade, and 2) a man who happened to be visiting the White House's NSC staff only the year before.

I cannot be dead certain that Mr. Rappaport was the recipient of the sultan's $10 million and was the account holder forced to cough it up after the asset was frozen at the request of the United States. Could be the Swiss officials are mistaken.

I do know that the Department of State has notified the General Accounting Office, the special prosecutor and other interested parties that previous assurances may have been unintentionally misleading, that new information has come in that Mr. Rappaport is said to have been the recipient, which suggests that the transfer of the $10 million may not have been to the wrong account.

The lesson in this apparent new connectedness of insidership is never to let an assumption of stupidity overwhelm your suspicion of venality.

The New York Times.



LETTERS TO THE EDITOR

Helping Gorbachev Along

Most people would agree that President Gorbachev and his policies offer the best chance we have seen for détente and the path to democracy in the Soviet Union since the Russian Revolution. But unless he can soon produce a better life for the people, there will be more strikes and ethnic disturbances, which will give the conservative forces the arguments to depose him. This would mean a lost opportunity for the West, which might not occur again for more than a generation.

Now is the time for the West to seize the initiative to help Mr. Gorbachev provide and distribute to his people enough food and consumer goods to assuage their growing impatience. At the same time, he could be helped to improve the efficiency of production and distribution of these things, which we in the West regard as essential to civilized life. In other words, we need the inspiration of another Marshall Plan, remembering what that bold initiative did for the economic recovery of Western Europe, as well as for the United States. What is more, war between the nations of Western Europe has become unthinkable.

MICHAEL DAVIS.
Antibes, France.

Mr. Gorbachev's patience has its limits, and, like Deng Xiaoping, he is not alone in the leadership. Soviet steps toward democratization are rudimentary and weak, and democracy at any age remains vulnerable.

SERGE RASCOVSKY.
Cannes, France.

A Steadfast Entrepreneur

J. Irwin Miller, 80, is described in your report "Hanson Sells Cummins Stake" *(July 18)* merely as the second-ranking executive of Cummins Engine Co. and a member of the founding family. Mr. Miller is one of America's truly great industrial giants and a man of vision. Seldom these days does the entrepreneur who built a business from scratch years ago retain the courage to risk everything personally once again, and so late in life, solely to remove an aggressor from becoming an obstacle to the long-range success of his company.

ROBERT D. ORR.
U.S. Ambassador to Singapore.

One Hunk of Venice

Regarding "Venice Government May Fall on Pink Floyd Trash" (July 20):

As a tourist en route to Venice, I would like to join the holy war against rock concerts in St. Mark's Square.

Pink Floyd could be heard in any cow pasture without any appreciable loss of musical quality or nuance.

The "one hunk of marble" that was displaced is one hunk too many.

DON MCDANIEL.
San Francisco.

Coping With Malfunctions

Regarding the report "An Emergency That Wasn't in the Book" (July 24):

It is perhaps worth noting that we in the nuclear field (particularly among OECD countries) have long studied how to cope with massive malfunction of this kind. This is not only based on our conviction that we must avoid, under all circumstances, massive radioactive releases from a stricken reactor, but also on our understanding that the sheer size of modern machinery, whether it be a jumbo jet or a nuclear power plant, requires us to explore accident ranges heretofore not considered in technology. To this extent, we have developed provisions and devised procedures, enabling the operator to contain radioactive substances under extreme conditions comparable to the one in the ill-fated DC-10.

KLAUS B. STADIE.
Paris.

A Setback for Dispatches

Regarding "A 'Run-Down' Browning Comes Within 3 Outs of Second Perfect Game" (Sports, July 6)

The article calls Browning "the only pitcher to win 20 games as a rookie." Under the headline it says "Compiled by Our Staff From Dispatches."

I suggest that "Our Staff From Dispatches" check the record book a little closer next time. According to the 1989 edition of The Complete Baseball Record Book, published annually by The Sporting News, the most games won in a rookie season since 1900 was 28. This record was set by Grover Cleveland Alexander of the Philadelphia Phillies in his rookie season in 1911, when he won 28 games and lost 13. This is the National League and major league record. The modern American League record is 24, set by O. Edgar Summers of the Detroit Tigers, who won 24 games and lost 12 during his rookie season in 1908.

MARK A. COLE.
Hong Kong.

For the West Bank Settlers, Retreat Is the Unthinkable

By Abraham Rabinovich

JERUSALEM — The West Bank at midday is tranquility itself: biblical hills, donkeys straddled by sacks of produce and by villagers in Arab headdress. There are no burning tires, no roadblocks, no crowds of stone-throwing youngsters. The bang thus comes with stunning surprise — out of nowhere, on

MEANWHILE

a seemingly empty street, from behind a parked car or stone wall, a bottle not seen until it is caroming with unexpected force upward off the windshield.

"You've got to slow down when you come to a built-up area, not speed up to get through it quickly," explains an Israeli settler. "They often throw from the front, and the force with which the rock will hit you is a function of the speed of the car, as well as the speed of the rock."

Physics and the Palestinian problem.

Israeli settlers in the West Bank have been receiving such flying telegrams daily for the past 19 months, time enough to ponder the intifada's relevance to physics, demographics, political science, theology and a number of other subjects on the curriculum of the West Bank Open University, which they share with the Palestinians themselves.

During a recent visit to several settlements, a change in mood could be detected. The euphoria that marked the first decade of settlement and the shock that followed the outbreak of the Palestinian uprising appear to have given way to a sense of grim determination. The settlers see themselves as clearly as ever leading Israel on its march toward its destiny, but the previous certitudes are mitigated by an awareness that history can zig as well as zag. They have even given thought to the previously unthinkable — that a territorial settlement would leave their settlements as enclaves in a Palestinian state — and in their private conversations many have expressed a readiness to stay if that were to occur.

Though the settler movement has attracted more than its share of fanatics and crazies — implementing biblical injunctions being a notably high-risk area in this regard — most of the settlers one encounters are humanly and morally attractive, idealists willing to undergo great discomforts for a cause. In this respect, indeed, they represent the best in the nation. Their opponents in Israel believe their ideals are a prescription for endless war.

The settlers have adapted with impressive resilience to the daily gauntlet they run on the roads, but the fuse, even among moderates, has grown short. Until the vigilante actions of the past three months, the settlers had behaved with surprising restraint, and even today vigilantism is still relatively limited. However, talk of peaceful co-existence with the Palestinians, once a prominent feature in the scenarios painted by settlers, is heard less often now than warnings of a mass expulsion of Arabs if the intifada is not put down. A remark often heard is: "If it's a question of them or us, than it will be us." The kind of rage bottled up by the Palestinians for 20 years under Israeli occupation is building up now among the settlers as the Palestinians do their turn upon the boards.

In the settlement of Tekoa near Bethlehem, one resident said he, his wife, his infant son and 4-year-old daughter had all been hit on separate occasions by rocks crashing through their car windows in the past half year. In almost every family, one or more persons have been injured by rocks. One resident has gotten 30 to 40 flat tires, since the uprising began, from nails scattered on the roads by Arab villagers. Settlers routinely travel with two spare tires and a gun. Sometimes residents will wait for another car or two so they can travel in convoy. They go out less frequently at night and do not wear safety belts to avoid being trapped if the car is hit by a gasoline bomb.

Despite all this, there is surprisingly little of siege mentality apparent. The settlements themselves are tranquil enclaves. What concerns the settlers far more than the rocks is fear that the uprising may lead to political concessions. Prime Minister Yitzhak Shamir's peace initiative is seen as a worrisome bowing to pressure that can only encourage continued Palestinian unrest aimed at achieving further concessions.

The settlers, along with many other Israelis, regard the PLO peace offensive as an exercise in deception.

"The Palestinians don't want a country," an artisan living in Tekoa said. "They want our country. What most Israelis really mean when they say they don't want a Palestinian state is that they don't believe there will be a Palestinian state willing to live alongside Israel in peace. [Yasser] Arafat has to prove to those Israelis willing to make territorial concessions — I'm not one of them — that he really wants to live in peace. How? Sadat did it. Gorbachev has to prove to the West that he's willing to live in peace, and he's doing a good job."

The euphoria has passed for the settlers but not their convictions. They have led the nation into the Promised Land — the biblical heartland that is the West Bank — and will not easily retreat.

International Herald Tribune.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

HANAE MORI PARIS

HAS THE PLEASURE OF ANNOUNCING

THE OPENING OF ITS NEW BOUTIQUE

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Tough B-2 Questions: The Bomber's Task, Its Cost and the Air Force's Arguments

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — In the event of a strategic attack, the U.S. Air Force says, its new force of B-2 bombers would take off and fly at subsonic speed to bomb targets that might have already been hit by nuclear warheads atop U.S. intercontinental missiles.

The goal of the pilots, and of the U.S. officials who are trying to bring the force into fruition, is to guarantee that key enemy weapons sites receive what one official describes as the appropriate "degree of damage."

This task, set by air force planners in Omaha, Nebraska, could require flying through nuclear debris to dump additional weapons on empty missile silos or command posts already rendered lethal by radioactive fallout.

House and Senate legislators face many tough questions about this mission, and the other potential tasks of the B-2 Stealth bomber as they complete action on a Bush administration request

NEWS ANALYSIS

for more than $4 billion for the plane, a mere down payment on the overall bill of $47 billion in new appropriations over the next seven years.

With virtually no public scrutiny, the air force has already spent $22.4 billion to develop the B-2, making it the most costly U.S. warplane ever built and the focus of continuing controversy.

Some legislators opposed to the plane have argued that other weapons can fulfill the B-2 missions more efficiently and cheaply; some say the missions themselves are not important enough to warrant huge new expenditures in an era of declining military resources.

B-2 supporters, including President George Bush and Defense Secretary Dick Cheney, say the entire force of 132 bombers is needed to keep the U.S. strategic deterrent up-to-date, while forcing the Soviets to make costly improvements to radar air defenses that the Stealth is designed to penetrate undetected.

Supporters also say that the plane can strike fixed targets anywhere on the globe — in a nuclear or conventional war — and that it poses the "best long-term hope" of attacking mobile Soviet missiles.

Since disputes erupted over the plane's cost, the air force has also made more explicit an assertion that the full bomber force is needed to proceed with strategic arms negotiations with Moscow on terms agreed in 1986. The assertion has attracted wide notice because of the common wisdom in Washington that Pentagon support is vital to ratification of any arms treaty.

It has so far been an odd debate, because the terms of reference, the cost information, the strategic "requirement" for the B-2, the estimate of the Soviet threat and the procurement strategy have all been determined by the air force. Independently verifiable information is extremely scarce.

The chairman of the House Armed Services Committee, Les Aspin, Democrat of Wisconsin, acknowledged last week that congressional support for the B-2 was based largely on air force projections of dramatically improved Soviet defenses, which may not come to fruition.

He and other skeptics have cited the Soviet military retrenchment, as well as the unobstructed flight of Mathias Rust from Finland to Red Square in 1987, and the failure of Warsaw Pact forces to notice the pilotless flight of a MiG-23 over Eastern Europe to Belgium this month.

A definitive answer is lacking because the wider U.S. intelligence circles have never performed an independent analysis of Soviet air defense capabilities against existing bombers.

Similarly, a group controlled by the air force — the Joint Strategic Target Planning Staff in Omaha — sets the minimum number of warheads needed to hit Soviet strategic targets and writes the operational plans cited by administration officials in supporting the B-2.

As General Larry Welch, the air force chief of staff, told the Senate Armed Services committee last Friday: "The Air Force is given a task to do, and that came to 132 bombers. If someone redefines that task, it would come to some other number."

But the task is assigned by the agency's own officials.

"There is a conflict of interest," said Ashton Carter, a Harvard physicist and weapons expert who is familiar with strategic target planning. "So one can't take at face value their word about what is adequate and what is not."

Air force officials say that without the 2,600 or so nuclear warheads to be carried by the B-2s, key enemy targets will not be adequately covered and "the risk to the deterrent equation increases."

But Senator Timothy E. Wirth, Democrat of Colorado, and others suggest that some of these targets would be unimportant after an initial nuclear exchange and others would be smoldering wreckage long before bombers arrived.

In 1987, when B-2 expenditures and congressional scrutiny both increased sharply, the Joint Chiefs of Staff said in their annual posture statement that the bomber could also attack "the full range" of "relocatable targets." But this year, the air force acknowledged that this was a distant hope requiring hefty expenditures on new satellites to aid mobile missile detection.

Mr. Welch has said that no *matter* what the mission, the B-2 could fly "virtually unchallenged" by defenses because of its revolutionary radar-absorbing skin.

But critics like Representative Patricia Schroeder, Democrat of Colorado, contend that the plane's stealthiness is still unconfirmed, and possibly chimerical in the debris-laden atmosphere of a post-nuclear world.

She notes that the air force has testified that "frequent structural and propulsion maintenance" in a series of costly hangars would be needed to maintain the bomber's "low observable features" — a luxury unavailable in a crisis or war.

"If the air force is right," she said, "then where are they going to fly this thing? Indoors?"

Castro Says Soviet Shift Makes U.S. Bigger Risk

By Julia Preston
Washington Post Service

CAMAGUEY, Cuba — President Fidel Castro, in his toughest speech in years, told the Cuban people that the United States had "never been more threatening," and he vowed that Cuba would not liberalize its Marxist course even if the Soviet Union "disintegrates completely."

"We will die rather than yield or turn back," Mr. Castro said in a two-hour speech Wednesday to an enthusiastic crowd of tens of thousands in Camagüey, 375 miles (600 kilometers) east of Havana.

The speech contained the Cuban leader's strongest reaction yet to the Soviet bloc's movement away from a centrally controlled economy and society.

He said difficulties in the Soviet bloc were giving the United States a dangerous new "euphoria" in the belief that the Communist movement was declining.

Never, the Cuban leader declared, has any U.S. administration, not even President Ronald Reagan's, been "more insolent and threatening than the Bush administration."

John J. Taylor, the chief U.S. diplomat in Havana, operating through a section in the Swiss Embassy, walked out after these words.

"Sometimes I think it wouldn't be a bad idea for the young generation that was born into socialism in Hungary and Poland to take a little spin through capitalism, to see how egotistic, brutal and dehumanized it is," Mr. Castro said.

He asserted that during President George Bush's recent trip to the Polish city of Gdansk, pro-American demonstrators there held up a sign that read, "The best Communist is a dead Communist."

"There are two kinds of Communists — those who let themselves be killed easily and those of us who won't let ourselves be killed at all," Mr. Castro said.

He acknowledged that as a result of the Soviet Union's attempts to deal with a huge budget deficit and to tighten economic efficiency at home and overseas, Cuba could no longer count on Soviet aid arriving "like clockwork."

Soviet military and economic assistance to Cuba has been estimated at about $5 billion a year.

While reiterating Cuba's gratitude to Moscow, Mr. Castro made it clear that he felt the market-oriented changes introduced by President Mikhail S. Gorbachev would lead only to instability.

"If we woke up tomorrow to a great civil war in the Soviet Union, if the Soviet Union disintegrated completely — something we hope won't happen — the Cuban revolution will continue to resist," he said.

He warned that if world socialism were to "disappear," the United States "would pounce like a beast on the world, divvying up the small nations like the worst kind of colonialism."

Mr. Castro said that reactionary circles in Washington were "dreaming of a thousand-year empire, like Adolf Hitler dreamed." But he predicted that the American "empire" would fade as did Hitler's.

Since 1986, in response to the type of political and economic changes Mr. Gorbachev has adopted in the Soviet Union, Mr. Castro has pursued a purist Marxist ideological strategy for his nation of 10 million.

In his first appearance in public since the July 13 execution of four military officers in a drug-smuggling scandal, Mr. Castro made no reference to the matter.

The speech marked the 36th anniversary of one of Mr. Castro's most outstanding failures, which ultimately led to his greatest victory.

In 1953, in the first shot of his revolutionary campaign, he and a band of guerrillas tried to seize a military barracks. They were routed, but Mr. Castro kept up the struggle and eventually took power in 1959.

Charles Tasnadi/The Associated Press

Castro making a point in his speech commemorating the 1953 attack of his guerrillas on a barracks.

Argentina Is Testing New Links To Britain

By Shirley Christian
New York Times Service

BUENOS AIRES — Seven years after Argentina suffered a humiliating defeat by Britain in the war over the Falkland Islands, the new government of Carlos Saúl Menem has begun efforts to renew diplomatic ties with Britain.

Foreign Minister Domingo Cavallo said in an interview that Argentina was willing to set aside, for the moment, the question of sovereignty over the South Atlantic islands to restore normal relations between the two countries.

He said that would permit early resumption of trade and air traffic between Argentina and Britain and between Argentina and the islands, as well as cooperation on protection of South Atlantic fisheries.

This represents a marked divergence from the policy of the government of President Raúl Alfonsín, which insisted on discussing sovereignty ahead of resumption of diplomatic relations.

"This doesn't mean there would be immediate progress on the substantive question of sovereignty," Mr. Cavallo said, "but it means we and the United Kingdom could both keep our positions on sovereignty and advance on other questions."

All relations were formally suspended at the onset of the war. Britain later reopened its ports to Argentine exports. Officially, Argentina continues to exclude British products, but Mr. Cavallo said many come in through third countries.

The two countries operate diplomatic interest sections, instead of embassies, in the other's capital. The Argentines operate under the Brazilian flag and Britain under the Swiss flag.

The islands, which are known as the Malvinas in Argentina and are populated by a few thousand British sheep farmers, have been in British hands since the last century, but Argentina has a claim to them dating from the Spanish colonial era.

Reports from London indicate that the British authorities are interested in the Argentine proposal but want Argentina to declare a formal end to hostilities first.

Mr. Menem replied that he was willing to do that if Britain lifted the 150-mile "exclusion zone" it has imposed around the islands, keeping Argentine vessels out.

Now the Senate Tackles Art

Vote Would Bar U.S. Funding for 'Indecent' Works

By Michael Oreskes
New York Times Service

WASHINGTON — Brushing aside objections that Congress should not be deciding what is art or who is an artist, the Senate has voted to bar the National Endowment for the Arts from supporting "obscene or indecent" work and to cut off federal funds for two arts groups because they supported exhibitions of work by two provocative photographers.

In a voice vote, the Senate approved restrictions proposed by Senator Jesse Helms, Republican of North Carolina, to bar federal arts funds from being used to "promote, disseminate or produce obscene or indecent materials, including but not limited to depictions of sadomasochism, homoeroticism, the exploitation of children, or individuals engaged in sex acts; or material which denigrates the objects or beliefs of the adherents of a particular religion or non-religion."

The measure also bars the granting of funds for art work that "denigrates, debases or reviles a person, group or class of citizens on the basis of race, creed, sex, handicap, age or national origin."

Spokesmen for arts organizations, including the two cited in the legislation on Wednesday — the Southeastern Center for Contemporary Art in Winston-Salem, North Carolina, and the Institute for Contemporary Art at the University of Pennsylvania — said they were appalled by the action, which they described as the first time that Congress had tried to interfere directly in granting money to individual arts groups.

The officials said the endowment and the groups it supports had faithfully followed the *grant-making system approved* by Congress. In the system, known as peer review, members of the arts community pass on grant applications in their respective fields.

But Mr. Helms said on the floor of the Senate, "No artist has a preemptive claim on the tax dollars of the American people to put forward such trash."

Only two senators spoke on the floor against the Senate action. One, Senator Howard M. Metzenbaum, Democrat of Ohio, said, "We're gradually approaching more and more the Congress telling the art world what is art."

> **'We're gradually approaching more and more the Congress telling the art world what is art.'**
> **Senator Howard M. Metzenbaum**

The action by the Senate was far more severe than actions taken a few weeks ago by the House of Representatives against the National Endowment for the Arts.

Both chambers were reacting to a political storm set off by the works of Andres Serrano and Robert Mapplethorpe, whose exhibitions were supported by arts groups that received funds from the endowment.

A work by Mr. Serrano depicted a plastic crucifix submerged in the artist's urine. Several of Mr. Mapplethorpe's photographs, now on exhibit in Washington, D.C., depict homoerotic scenes.

The House leadership reacted to the political anger generated by these works by voting a budgetary slap on the wrist, cutting from the endowment's annual $171 million budget the $45,000 that had been granted to support exhibitions of Serrano and Mapplethorpe works.

But the Senate went significantly further. The action was included in a small corner of a bill appropriating $10.9 billion for the Interior Department and some other agencies, including the arts endowment.

The Senate version included language barring grants for the next five years to the two arts groups that supported the Serrano and Mapplethorpe exhibitions.

A spokesman for the endowment estimated that the Winston-Salem group had received $759,400 during the last five fiscal years and that the Institute for Contemporary Art had received $585,000 in the past three fiscal years.

The Senate accepted the $45,000 cut the House had made. But it added a change with greater impact, cutting the amount the endowment could grant for support of visual arts by $400,000 and increasing the amount for local projects and folk art by $200,000 each.

Supporters of the arts community in the Senate decided not to make an issue of the measures on the floor, saying that they feared debate would make matters worse and that their best hope was a fight to strike the measures in conference between the House and the Senate.

But several hours later, Senator Daniel Patrick Moynihan, Democrat of New York, rose to announce that he would vote against the entire appropriations measure because it singled out two specific groups for a cutoff of funds.

"Do we really want it to be recorded," Mr. Moynihan said, "that the Senate of the United States is so insensible to the traditions of liberty in our land, so fearful of what is different and new and intentionally disturbing, so anxious to record our timidity that we would sanction institutions for acting precisely as they are meant to act? Which is to say art institutions supporting artists and exhibiting their work."

Communists Seized in Manila

By Keith B. Richburg
Washington Post Service

MANILA — Philippine troops arrested two of the most prominent leaders of the country's outlawed Communist Party on Thursday.

The arrests were another setback to a rebel movement that is already believed to be suffering from internal policy feuds and a breakdown of discipline in its ranks.

Saturnino Ocampo, a member of the ruling politburo of the Communist Party of the Philippines and leader of the party's 12 affiliated front groups, was arrested along with his wife, Carolina Malay, another Central Committee member, as they were driving on Thursday in the Makati financial district of Manila. They were unarmed and had no bodyguards.

Mr. Ocampo and Miss Malay are by far the best-known leaders of the Communist underground, giving interviews to journalists from rebel hideouts and issuing statements on behalf of the party. They were arrested just four days after the military offered rewards of one million pesos (about $50,000) for each of 35 top Central Committee members.

Brigadier General Alexander Aguirre, who is in charge of security for the capital region, said 15 other lower-ranking Communists, some of them believed to be members of urban assassination squads, were arrested in separate raids.

Government leaders and military officials hailed the arrests of the two leaders as a significant advance in their 20-year battle against the Communist rebellion.

But at a suburban military camp where they were presented to reporters, the two captives downplayed the significance of their arrests. "There are a lot of us," Miss Malay said. "The struggle goes on."

The arrests occurred as the party appeared to be reeling from a series of recent setbacks and an unusual degree of internal turmoil that some political analysts said they thought pointed to a power struggle within the top echelon of the Communist leadership. Some diplomats raised the possibility that the two, representing the "pragmatic" faction of the rebel movement, might have been turned in by more radical colleagues.

In recent interviews, Mr. Ocampo expressed deep misgivings about the increasingly violent course of the insurgency.

The Communist movement, which has tried to cultivate a public image for being humane, has suffered badly in recent weeks after the discovery of several mass graves that are believed to contain the victims of an internal Communist purge of suspected government informants.

U.S. Urged To Meet Iran On Hostages

The Associated Press

WASHINGTON — Dealing directly with Iran remains the best option for winning the release of nine Americans held hostage in Lebanon, experts said in a study on terrorism made public Thursday. They stressed that the United States should not rule out talking to captors or paying ransom.

The study, conducted by the Rand Corp., a strategic-research institute in California, contends that that Iranians continue to overestimate the importance of the hostages to the U.S. government.

Their fate is a matter of concern in Washington, the study said, "but it is not a central issue."

"The government," it added, "is under no immediate pressure from the public to bring the hostages home."

The longest held of the Americans is Terry A. Anderson, chief Middle East correspondent for The Associated Press. He was seized on March 16, 1985.

A terrorism specialist, Brian Michael Jenkins, said in the study, titled "Terrorism: Policy Issues for the Bush Administration," that hostages provided captors "with a certain amount of prestige."

The study noted a change in the bargaining situation since Iran declined as a matter of intense concern to the United States, in part because of improved U.S.-Soviet relations and also because oil production remains high in the world and is comparatively cheap.

"To put it bluntly, in a way that no U.S. official can say publicly, Washington can wait" for a more receptive government in Iran, the study said.

Threatening the captors or Tehran with military action might have emotional appeal to Americans, he added, but it is not likely to work, and might even imperil the hostages. Any rescue attempt was described as a dangerous gamble.

"That leaves ransom, a distasteful course of action but one which should not be ruled out entirely," Mr. Jenkins said, adding that the U.S. "no concession" policy that emerged after the Iran-contra arms scandal "has become dangerously rigid."

Part of the problem, the report went on, is that the captors have not been clear or consistent about exactly what they want in return for releasing the hostages.

House Panel Acts to Punish Flag Burning

The Associated Press

WASHINGTON — The House Judiciary Committee approved a bill on Thursday to ban flag burning after Democrats pushed aside Republican demands for a constitutional amendment.

The committee approved the criminal statute, 28 to 6, after the chairman, Representative Jack Brooks, Democrat of Texas, promised to back a constitutional amendment if the legislation failed to overcome a Supreme Court ruling that flag burning was a protected form of free speech.

The Democratic leadership intended to rush the bill to the House floor next week, before the August recess, in hopes of further calming demands for amending the Constitution and of defusing the issue.

The statute provides penalties of up to a year in jail plus a fine, the amount unspecified, for anyone who burns or otherwise desecrates a flag.

ASIAN TOPICS

Portuguese Passports For Macao Residents

Since the Chinese government crackdown on pro-democracy demonstrators in Beijing last month, the nearly six million residents of Hong Kong have cast a jealous gaze at Macao, the Portuguese territory 40 miles (65 kilometers) across the Pearl River estuary.

The Los Angeles Times reports from Macao that Portugal offers a passport, with full citizenship rights, to anyone born before 1981 in Macao, its last overseas territory. Thus, when Macao reverts to Chinese rule in 1999, two years after Hong Kong, 100,000 Portuguese passport holders — about 20 percent of the population — will be able to immigrate to Portugal. Britain has refused to confer residency rights on the 3.3 million British passport holders in Hong Kong.

In an ironic twist, Macao Chinese who hold Portuguese passports will have the right to live in Britain after the unification of Europe in 1992, while Hong Kong's British passport holders will not.

Portuguese officials acknowledge that granting passports to 100,000 of the territory's population of 500,000 was a move not easily matched by the British because of the much larger numbers in Hong Kong.

NYT

Around Asia

Meanwhile, human-rights campaigners in Hong Kong say their efforts to abolish the death penalty before the British colony is handed back to China has a new sense of urgency after the execution of pro-democracy protesters in Beijing. "We certainly are intensifying our efforts," said Andrew Stables, a former chairman of the local Amnesty International branch. Murder and treason are capital crimes in Hong Kong, but the colonial governor has commuted all of the more than 230 death sentences since 1966 — usually to life imprisonment — on grounds that executions are not allowed in Britain.

Nepal, locked in a trade dispute with India for the last four months, has a deficit budget for the fiscal year starting July 1 that calls for expenditures to rise 32 percent over the previous year. Gasoline prices recently were raised 48 percent. Nepalese optimists say the crisis with India will force Nepal to develop its own infrastructure and become less reliant on others' largesse. Pessimists say any such adjustment will take years and further sap the resources of a country already ranked among the poorest. Nepal's per-capita annual income is $150.

Pakistan's federal sharia court, the country's highest Muslim tribunal, has upheld an Islamic distinction between evidence provided by men and that provided by women, ruling that it "does not constitute breach of right or lowering the status of any party in any way." Under prevailing Islamic law, only an adult Muslim male can be considered a full witness in rape and murder cases. Otherwise the evidence of two women is needed. The court ruled that the distinction between the two was based on "natural differences in experience, observation, knowledge, intensity of sentiment and feelings." Prime Minister Benazir Bhutto, the first woman to rule a modern-day Islamic country, has pledged to abolish all laws that discriminate against women.

Arthur Higbee

INTERNATIONAL CLASSIFIED

(Continued From Back Page)

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PLO Said to Accept Vote, but With Terms

By Youssef M. Ibrahim
New York Times Service

PARIS — Two PLO officials said Thursday that the Palestine Liberation Organization had accepted the idea of elections in the West Bank and the Gaza Strip, but in the context of an overall plan that would lead to an independent Palestinian state.

Khalid Hassan, widely considered the most senior adviser Yasser Arafat, the PLO chairman, and Ahmad Abdelrahman, the PLO official spokesman, said from Tunis in telephone interviews that this message has been conveyed in contacts with Israel, the United States and the Soviet Union.

Responding to questions about what appeared to be contradictory positions expressed by Mr. Arafat on the election issue and the far more moderate Palestinian terms reportedly conveyed through a Soviet intermediary to the Israelis, Mr. Hassan confirmed that contacts have been made in Israel.

He said this was done through a Soviet deputy foreign minister, Gennadi P. Tarasov, who met with Mr. Arafat in Tunis on July 20. Other intermediaries were also used in direct and indirect contacts, he said.

The Israeli press reports said Mr. Tarasov had conveyed Mr. Arafat's views to Nimrod Novik, an official of the Labor Party in Israel.

The Soviet official told the Israeli official that the Palestine Liberation Organization agreed to elections in the West Bank and the Gaza Strip on conditions that included a pledge to the principle of giving up occupied Arab territories, the participation of the Palestinians in East Jerusalem, freedom of speech and supervision by a team of Egyptian and U.S. observers.

"Yes, meetings took place, but the overall message was the same," Mr. Hassan said. "We accept elections as part of a process that will lead to an independent state. Interim steps leading to this end are negotiable, but the independent state objective must guide all movement."

He said there was no contradiction between these views and the rejection of the election plan presented by the Israeli prime minister, Yitzhak Shamir.

That plan denied Jerusalem Arabs the right to vote, on the ground that they live in an annexed territory, and pledged that not a single inch of the occupied Arab territories would be surrendered.

"The starting point for any solution is an Israeli decision to withdraw eventually from the occupied territories," said the PLO spokesman, Mr. Abdelrahman.

Mr. Arafat is attending the Organization of African Unity meeting in Addis Ababa and was not available for comment. But in a recent interview in The New York Times, he said that Mr. Shamir's conditions would make it impossible to accept the election plan.

Palestinian officials said Mr. Arafat was coming under pressure to take a hard line within his own Fatah organization, the PLO's largest group.

El Fatah will hold its fifth congress in Tunis this week, and the first such meeting since 1980 to elect new members to its Central Committee. Pressure is building within the group to question the many concessions Mr. Arafat has made for recognition from the United States and to start a dialogue.

The PLO chairman elaborated on his views in an interview with Egyptian newspaper editors, which was published Thursday morning in Al Ahram, the Egyptian daily.

While dubbing the election plan "a good idea," Mr. Arafat set five conditions for accepting the proposal. They contained details that went beyond those reported to have been conveyed to Israel by the Soviet Union in the Israeli press.

While reiterating demands that any elections should be based on the model adopted in Namibia, Mr. Arafat said elections would start after a partial troop withdrawal by Israel and must be followed by a commitment from Israel to withdraw all its troops in a period not exceeding 27 months.

He called for United Nations supervision of the elections and the return of Palestinian refugees and those deported by Israel from the occupied territories.

Mr. Arafat did not elaborate on the scale of refugee repatriation he is demanding. Depending on how Palestinian refugees are defined, there are 1.5 million to 4 million scattered in many countries. Another 1.5 million live under Israeli occupation.

Israeli Talks With Arabs Setting Up Conflicts

By Jackson Diehl
Washington Post Service

JERUSALEM — Prime Minister Yitzhak Shamir has restored impetus to his embattled peace initiative through recent meetings with Palestinians in the occupied territories, but the talks have touched off new internal political conflict on both sides, politicians and diplomats here say.

By meeting privately in the last two weeks with prominent Palestinians, including supporters of the Palestine Liberation Organization, Mr. Shamir has broken new ground to advance his plan for elections in the West Bank and Gaza Strip, supporters say.

Though there have been no signs that the informal talks have narrowed the gap between Israel and the Palestinians, the contacts mark a new concession to pragmatism by Mr. Shamir at a time when his ability to move forward with the peace process was in doubt.

For its part, the PLO leadership under Yasser Arafat has endorsed the contacts, saying they amount to indirect negotiation between Israel and the PLO.

The Israeli press and some Labor Party politicians have reported what they say are new signs that the Palestine Liberation Organization is ready to support the plan for elections under certain conditions, among them that Israel agree in advance that it will trade occupied lands for peace in a final settlement.

But Mr. Shamir's talks have also set the stage for new confrontations between moderates and militants on both the Israeli and Palestinian sides.

Hard-line opponents of Mr. Shamir in the Likud bloc met Thursday to decide on a response to the meetings, which they consider to be a violation of constraints on the election process that they pressed Mr. Shamir into endorsing earlier this month.

At the same time, there are signs that the Palestinians who met with Mr. Shamir have come under pressure from militant Arab leaders who oppose the contacts. Only one of those who has been publicly identified as meeting Mr. Shamir, Jamil Tarifi, has admitted that he did so. The others — five have been identified by the Israeli press or PLO sources in Tunis — have all denied it.

Israelis suggest that although Mr. Arafat has sanctioned the meetings, more militant leaders of the uprising in the territories have opposed them, making the Palestinian leaders hesitant to admit their participation.

According to these Israelis, several Palestinians who have been invited to meetings with Mr. Shamir in recent days have been visited by members of the Unified Command, the local leadership of the uprising, and warned not to attend.

The conflicts suggest that both Mr. Shamir and the Palestinian leadership are approaching the point where they will not be able to move forward in the negotiating process without settling their internal challenges.

On the Israeli side, one key point is whether Mr. Shamir's contacts constitute indirect negotiations with the Palestine Liberation Organization. Though the prime minister has denied meeting with PLO supporters, Mr. Tarifi is known as a longtime backer of Arafat's Fatah movement and reportedly was banned from 1976 municipal elections in the territories because of his presumed association with the group.

In a broadcast interview on Wednesday, Mr. Shamir insisted that his talks did not involve the PLO and that the people he spoke with were independent.

"No one has told me that he will send a report 'to the PLO,'" he said. "They have not mentioned the PLO at all. If they were to say one word about the PLO, I would tell them, 'Stop, don't discuss the PLO with me because I will not speak with it.'"

Some analysts say they think Mr. Shamir can avoid a showdown within the Likud for months, giving him time to build support for the election process among both Palestinians and Israelis.

One sign of a potential softening of the Palestinian position came Thursday as Elias Freij, a prominent politician from Bethlehem, said the West Bank and Gaza leadership supported the idea of elections and would participate in them provided that the PLO approved them and was allowed to participate in negotiating their specific form.

Valentino: Tales of Hoffmann

By Suzy Menkes
International Herald Tribune

PARIS — The French have a word for the pampered princesses of fashion. They are *chouchoutes*. But it took an Italian designer to come to Paris to give the real live couture clients what they had been pining for all week.

"It was beautiful, it was glamorous, it was sexy," breathed Joan Collins from her black bustier, where two gold-embroidered sea horses heaved.

"It's just the best collection Valentino's done in years," said Judith Taubman in café-au-lait pleats over a bronzed body.

"It's romantic, it's elegant, you feel wonderful — and it's so easy," said Audrey Gruss, white lace bib aquiver.

"I know what women want," said Valentino at the party he threw after the show. And indeed he does understand exactly how the new moneyed customers of haute couture want to indulge themselves.

Nothing was too short, tight, bright, difficult or demanding. And everything was ravishingly pretty, from the neat checked suits furrowed with mole brown velvet, to the shapely ankle-length black sheath with an embroidered lattice down the backbone.

If you are one of those women who like to call in the decorator, Valentino is your man. Colored bows broke open down the front of a black jacket: green, blue, mauve, with exactly matching stripes on the bodice of the dress beneath. White feathers wafted round the wrists of a snow white brocade suit. At night, precise *point d'esprit* embroidery covered the shawl and bodice of a peach of a satin dress.

The designer said that his own favorite was a cappuccino chiffon dress spiraled round the body in the tiniest of pleats — proving that Valentino's Rome atelier knows a few couture tricks.

Valentino also had a theme, and that is what lifted a collection of pretty, familiar clothes. He took as inspiration Viennese Secessionist art — and especially the work of Josef Hoffmann. Valentino's touch transformed the baroque geometry into something much lighter, whether it was the target inserts of velvet on the short daytime suits, patterns pieced into the long shearling coats or bulls-eye targets worked in jet beads on velvet.

These Tales of Hoffmann were carried through in immense detail to enamel and rhinestone jewelry, with the same motifs even traced on to the heels of a shoe or the wrists of gloves.

It could all have been too much, but the firm lines of Hoffmann had a controlling effect on the froufrous of Valentino, and the two made a good team — especially at night, when black satin appliqués on white satin dresses made a striking finale to a strong show.

Givenchy is a man of flowers, but he had banished most of his prints in his show Thursday and kept a low profile on the ladylike dresses that are his great strength.

The result did look very much as though anything Yves could do, Hubert could do too, with a firm square line to the jackets, splits in the skirts and chiffon in Gauguin colors at night.

There were some soft dresses, exceptionally pretty draped in satin in the russet and spice palette of the show, and fresh in white satin with a *jeune fille* raised waistline.

Decorative details included fur trims on bright brocade dresses, black chantilly ribbon lace over nude chiffon, fringes on the sleeves of a simple column of white satin and an emerald green suit with its bottom half made entirely of fringe as the ultimate grass skirt.

Gianni Versace also brought his couture line to Paris — but as a still-life display in the Musée Jacquemart-André, where the public was allowed to take a brief peek.

It was good to be able to see these clothes up close, because they are fine examples of handwork married to Versace's bold, modern taste. Dresses made as fringed shawls swaddling the body were embroidered with beads especially designed by Versace in unusual shapes and materials. These were exceptional when worked on a jacket inspired by African tribal art or when abstract and African images merged.

Versace said that draping and pinning fabric in his Milan atelier had inspired him to create dresses where the tiny folds were spiked with metal, underlining the modern sexiness that is Versace's signature. The atelier line, which will be shown on the runway in Paris during the next couture season, included shapely tailoring in traditional Italian gray suiting fabric, teamed with deep-pile chinchilla or with revers printed with animal markings on silk. The museum exhibition also showed a small number of Versace's striking theatrical designs.

Decoration and ornamentation — every last scrap of jet beading, bobble fringe, appliqué and embroidery originally emanating from the designs of Christian Lacroix — has been *the* story to emerge from the week of Paris couture showings, which have not changed the silhouette for winter. Skirts remain short, shoulders are softer and there is an overall feeling of sumptuousness and luxury. Any idea that "less is more" has quite gone out of fashion.

As the showings ended, Gianfranco Ferré was awarded the Dé d'Or (Golden Thimble) for his first collection for Dior.

Jean-Louis Blanc

Valentino's Hoffmann-inspired appliqués on satin gown.

SOVIET: *Baltic Autonomy*

(Continued from Page 1)

model for other regions and a lure for foreign investment.

The local parliament in Latvia, the third Baltic republic, was debating a similar plan Thursday, and several other republics and regions have declared their intention to devise their own economic autonomy schemes.

The campaign for autonomy has generated tension in the Baltics, and given rise to "internationalist" movements by minority Russians who fear that the ultimate goal is to drive them from the republics.

The voting in the Supreme Soviet came as Russian-speaking workers in Estonia continued a strike protesting new laws establishing Estonian as the official language of business and setting residence requirements for voters and political candidates.

Officials in the republic said about 10 workplaces, including shipyards and an electronics plant, had been disrupted by the walkout.

But Mr. Made said that Estonians were unconcerned by the strike since the factories affected provide goods primarily for ministries in Moscow rather than local markets.

The Associated Press

President Mikhail S. Gorbachev casting an eye toward Prime Minister Nikolai I. Ryzhkov on Thursday as the Supreme Soviet of the Russian Republic held its opening session in the Kremlin.

2 East Germans Flee to West

The Associated Press

HANNOVER, West Germany — Two East German men escaped early Thursday over the heavily guarded border without injury, the West German border police reported. At least 350 East Germans have escaped since the first of the year, and the frequency has accelerated since the East German leader, Erich Honecker, said that a shoot-to-kill order was no longer in force.

CRASH: *82 Die on Korean DC-10*

(Continued from page 1)

in a Korean Air flight that crashed in 1987.

Korean Air officials in Seoul said Flight 803 left the South Korean capital on Wednesday evening with stops in Bangkok and Jeddah.

The Korean Broadcasting System said many of the Koreans aboard were workers for Daewoo Corp. and Donga Construction Co., which have projects in Libya.

Airline officials quoted the plane's captain, Kim Ho Jung, as saying: "The airport was shrouded in a dense fog and visibility was poor when I approached. I lost contact with the control tower for 15 minutes before the crash."

The Libyan press agency said the airport control tower had told the pilot that visibility was only 800 feet (240 meters).

Mr. Reed, the McDonnell Douglas representative, said efforts to obtain information about the crash were hampered because the United States had no diplomats in Libya.

Korean Air is a privately owned national carrier and the largest of two Korean airlines. Formerly known as Korean Air Lines, the airline's Flight 007 was shot down by a Soviet jet fighter on Sept. 1, 1983, killing 269 people.

On Nov. 29, 1987, 115 people died when a Korean Air flight from Iraq to Seoul was lost over the Andaman Sea near Burma. South Korea accused North Korea of placing a bomb on the plane. A North Korean agent was sentenced to death in the bombing, and another suspect committed suicide.

BLACKS: *Still a Gap in U.S.*

(Continued from Page 1)

a large difference in the opportunities and conditions of black Americans.

"Further progress is unlikely without them."

The 600-page report, titled "A Common Destiny: Blacks and American Society," notes the gains made by blacks but warns that significant problems remain — contrary to the belief of many whites that the civil-rights era removed all barriers to equal opportunity.

"By almost all aggregate statistical measures — incomes and living standards; health and life expectancy; educational, occupational and residential opportunities; political and social participation — the well-being of both blacks and whites has advanced greatly over the past five decades," the report said. "By almost all the same indicators, blacks remain substantially behind whites."

Professor Gerald Jaynes of Yale University, director of the study, said black economic stagnation had largely been caused by significant reductions in black employment rates as compared with those of whites. He said this had occurred as the real earnings of all Americans had dropped.

In education, blacks remain far behind whites, both in quality of schooling and in achievement, Mr. Jaynes said.

And although large majorities of Americans — black and white — accept the principle of equality for all races, "there remain important signs of continuing resistance to full equality for black Americans," he said. "In practice, many whites are reluctant or refuse to participate in social settings where significant numbers of blacks are present."

■ Continued Segregation

These were among the other findings in the study, The Associated Press reported:

- Political participation: The proportion of federal, state and local public administrators who are black has risen from less than 1 percent in 1940 to 8 percent in 1980. Blacks make up 13 percent of the U.S. population.
- Education: "Segregation and differential treatment of blacks continue to be widespread in the elementary and secondary schools." Also, black high school students are less than half as likely to go to college within a year of graduation than white students.
- Health: Infant mortality rates for blacks and whites have dropped steadily since 1940, but a black remains twice as likely to die in infancy as a white.
- Crime: Nearly half of all prison inmates in the United States are black, and blacks are six to seven times as likely as whites to be victims of homicide, which is the leading cause of death among young black males. Blacks are also twice as likely to be victims of robbery, car theft and aggravated assault.
- Children: In 1986, 43 percent of black children under 18, compared with 16 percent of white children of the same age, lived in households with incomes below the federal poverty line.

Mayor Is Arrested In Atlantic City

The Associated Press

ATLANTIC CITY, New Jersey — Mayor James Usry and 13 other people were arrested on Thursday on charges including bribery and official misconduct.

Mr. Usry, 67, a former member of the Harlem Globetrotters basketball team and a city teacher, is in his second term as mayor. The Republican won the job when former Mayor Michael Matthews was removed from office in a recall election after being implicated in an influence-peddling scheme involving casino-zoned land.

Christopher Florentz, spokesman for the state attorney general, announced the arrests but would not immediately give details of the charges. Among those arrested were the president of the city council, Walter Collette, 60; the chairman of the zoning board, Kaleem Shabazz; two city councilmen, Arnold Orsatti and Gene Dorn; and W. Oscar Harris Jr., former director of the Atlantic City Housing Authority.

Bjorn Ekstrand/The Associated Press

Judge Mikael af Geijerstam arriving at courthouse for the announcement of the verdict Thursday.

PALME: *Jurors' Verdict of Guilt Overrules Judges*

(Continued from Page 1)

her identification of Mr. Pettersson "beyond any doubt" as the man she saw a few feet from her dying husband an instant after the shooting — that brought about the judgment, according to the verdict.

"Testimony collectively corroborates Lisbet Palme's identification of Christer Pettersson to such a degree that the district court finds that he fired both shots beyond any reasonable shadow of doubt," the assessors wrote, finding him guilty of murder and of causing danger to Mrs. Palme.

The six assessors in the case — men and women, including an undertaker, a social worker, a retired high school teacher and a mailman — came from a pool of 707 selected along party lines by the Stockholm City Council. Three were Social Democrats like Mr. Palme, and three belonged to conservative parties, according to Pieter Stromberg, a magistrate.

The two judges, Mr. af Geijerstam and Carl-Anton Spak, noted in their dissent that Mrs. Palme never picked Mr. Pettersson out of a videotaped police lineup until Dec. 14, 1988, nearly two years after the crime.

It took the official investigators until then to pick him as their primary suspect. Earlier, most of their efforts had gone into trying to make a case against leftist Kurds supposedly angry that Mr. Palme had turned down their leader's application for asylum.

Other conspiracy theories sprouted as the official investigation floundered and the government became embroiled in a telephone bugging scandal. This was brought about by a cabinet minister who had authorized a private investigation into whether the secret police deliberately ignored death threats against Mr. Palme.

Mr. Pettersson, who served a previous sentence for knifing a man to death, has said from the beginning of the trial that he is innocent, testifying that the shooting was "a vile deed and one I never could have done."

But as the trial drew to a close earlier this month, he refused to take the stand again, telling one of the prosecutors, Anders Helin: "When, back in December, I laid my hands on your shoulders and said I was innocent, you replied, 'I hope so.' I see no evidence of your hope and I no longer believe in it. It is therefore meaningless to answer your questions."

The 37-page majority verdict found that the testimony of other witnesses collectively proved Mr. Pettersson's guilt. But it made no attempt to ascribe a motive. It relied instead on the testimony of Mrs. Palme and other witnesses.

The case came close to collapsing in June when Mrs. Palme laid down numerous conditions for testifying and failed to appear in court the first time she was called.

ISLE: *A Remote Haven for Fraud*

(Continued from Page 1)

ing industry was all but invisible to local people. Nearly all the banks were barred from doing business with residents, and most of the bank owners carried out transactions by telephone and mail.

The banking scandal has increased friction between the British and supporters of Mr. Osborne, who is also the finance minister and directly responsible for the banks.

Some accuse London of deliberately setting out to embarrass Montserrat and of trying to increase British influence so as to hobble any efforts toward independence.

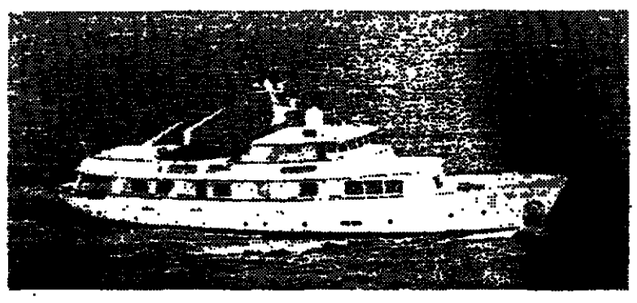
"There is a perception that the British are trying to recolonize the island," said Howell R. Bramble, editor of The Montserrat Times and a "critical supporter" of Mr. Osborne's.

That, said Christopher J. Turner, the British governor on Montserrat, is "an obscene suggestion."

Mr. Osborne, who like most residents is a descendant of the early Irish settlers of Montserrat and the African slaves who were brought to work the plantations, is nearly alone in his enthusiasm for independence soon.

His frame of reference is racial. "All the white people in the world run their own country," he said in an interview. "Well, what's wrong with us?"

A GENTLEMAN'S YACHT



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YACHT MARKETING

INTERNATIONAL Herald Tribune

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TRAVEL

- Tiger Watching
- New Old Museum
- Buying Wine

TRAVELER'S CHOICE

Dublin Horse Show

■ Every August more than 100,000 people attend the Dublin Horse Show. One of the city's largest and oldest social events, dating from 1868, it is sponsored by the Royal Dublin Society. This year the show will be held from Aug. 8 to Aug. 12, and will include competitions among about 1,400 hunters, jumpers, draft mares and stallions, hacks, ponies and other horses. The Royal Horticultural Show and a trade fair for violin makers, crystal cutters, weavers of lace and other artisans will be held on the show grounds at the same time as the horse show. Tickets to the horse show, including admission to the horticultural show and trade fair, are sold for each day's admission.

Paris Tearoom to Close

■ The Paris bookstore W.H. Smith & Son is closing its popular upstairs English-style tearoom Saturday. The London-based owners of the bookshop on Rue de Rivoli across from the Tuileries and frequented by English-speaking residents and tourists for its large selection of English-language paperbacks and magazines, will use the upstairs space for scientific and scholarly books.

New Phone Services

■ There are new phone services for travelers in London and Rio de Janeiro. In London, travelers can keep up with tourist attractions, the weather and shopping with the new American Express Touristline. Three lines — offering shopping, leisure and general information — give recorded tips daily. The shopping line alerts callers to promotions. A different area of London is featured each day. Stores offer information for the service but do not pay to be included. Calls cost 40 to 60 cents a minute, depending on the time of day; messages last five to six minutes. The numbers, reachable only within Britain are: shopping 0898-121860; leisure 0898-121861; general information 0898-121862. *Doctorcall is a service that directs* callers in London to a physician. The switchboard, at 935-9535, is always open. At present the service operates only in central London. In Rio, the service, set up by the Rio de Janeiro State Tourism Authority, provides a variety of information, including street directions, places where injuries can be treated and listings of activities. The number is 1516 (from outside the city first dial 210). For those who call to report stolen items, the service will file a complaint with the police. English, French and Spanish speakers are on duty.

Moscow Boat People

■ Tour groups in Moscow this summer may find themselves staying on boats moored on the Moscow River, about 25 minutes by subway from downtown, according to Intourist. Last summer an overflow of tourists coupled with a shortage of hotel rooms forced Intourist to convert three or four ships that usually cruise the Volga River into "floating hotels." This summer, Intourist expects it will need seven ships through September. The boats were described as "very modern" and outfitted with restaurants, bars, ballrooms and saunas. The boats have up to 300 beds in single or double cabins, each with bath. Moscow has 7,500 hotel rooms and will have 5,000 more by 1991. Intourist limits tour groups to three nights in Moscow. The boats are moored halfway between the airport and downtown Moscow.

Italian Money-Back Offer

■ Italy's state railway company will give credits to travelers on so-called rapid trains when the trains arrive more than 30 minutes late. Passengers can file their request for a credit by filling out a form obtainable on the train or at the station's information desk. The credit, which can be used toward future trips, is equivalent to the supplementary charge for fast trains. The average is a maximum of $21 for a 438-mile stretch.

On Hungary's 'Infinite' Steppe

by Trish Valicenti

Photograph by Vineyard-Cameron

The once barren puszta, to the south of Budapest, was turned into a fertile agricultural area.

LAJOSMIZSE, Hungary — About halfway down the road between Budapest and the market city of Kecskemet, the flatness of the Great Plain begins to take its changing shape. The sparsely populated arid steppe land is punctuated with isolated farms, old wooden wells, herds of grey cattle with their curious lyre-shaped horns and the occasional state cooperative. The ensuing, mirage-inducing flatness of the *puszta* had in past centuries attracted nomadic farmers, 19th-century outlaws and a few tourists.

The sandy steppe, floodplains, swamps and alkaline lakes cover a region that was once barren. Peasants were put to work at the end of the 19th century, fruit trees and vineyards were planted, part of the plain was irrigated, and one of the most fertile regions in the country was created, serving as the breadbasket to the Austro-Hungarian Empire.

Sandor Petofi, Hungarian poet, soldier and revolutionary, was a native son of the puszta and romanticized it in his poetry. "It's here the wild geese meet at dusk on the banks of the swamps. . .In the distance the sky and the land become one." For Petofi, the sky above the puszta was a "mirage." It was there that he was rocked in his cradle and there he wanted to be wrapped in his death shroud. He died far to the east on the Transylvanian battlefield of Segesvar, hoping to save an emerging Hungarian nation from the encroaching troops of the czar and the emperor.

THE puszta was not only dear to Petofi. Ottomosi Gereby Gyula, a 19th-century country squire, had his manor house just outside the village of Lajosmizse, about 100 miles (160 kilometers) south of Budapest. The Hungarian government had it restored and today it is open to paying guests, offering secluded lodgings for the traveler to the puszta as well as an alternative to the sturdy, concrete confines of a hotel in the nearby city of Kecskemet.

Two carved horses flank the drive leading to the inn, which is called Gereby Kastely and is surrounded by nothing but a landscape of emptiness. It is an ideal expanse of land to gallop over on the horses that are available to guests at the inn. A ride around the grassy floodplains provides a good opportunity to take a close look at the small farms that seem to spring up out of the steppe. The Kiskunsag national park isn't far away so the area is laden with fat wild hares that jump in front of horses, pheasants and hundreds of birds. If you're lucky, you might see some of the twisted-horned Racka sheep.

Before the region was cultivated, the sandy soil would be swept into dunes by the winds that hurtled over the plains, making it an ideal hideout for bandits who would ride over the steppe in search of well-stocked isolated farms to pillage.

While irrigation and agriculture have to a certain extent reduced the romance of the puszta, a good glass of the local apricot brandy, called *barackpalinka*, and a ride on horse or wagon through the still barren parts of the steppe can conjure up images of another time when the *csikos*, or overlords, could be seen at full gallop coming over what Petofi called "this image of infinity." His *gulyas* would be left behind to watch over his herds. But they had to be on the lookout for roving *betyarok*, or bandits, who amused themselves by steeling herds and raiding local manor houses, not unlike Gereby's.

Gereby's residence is on one level with 20 large rooms looking out onto the plain. A garden landscaped behind the white-washed building has been equipped with rustic bird houses and feeders, attracting hundreds of nesters whose cries and calls echoing across the Great Plain are guaranteed to wake up guests in the very early morning. Rising early is not without its merits as the public bus system linking Lajosmizse to the rest of the region is most leisurely.

The closest major city is a 20-minute bus ride away from the main street in Lajosmizse. Kecskemet, a market town, is surrounded by vineyards, apricot, apple and pear orchards as well as the arid steppe.

Petofi, who went to school there, called it a "famous town." The city's center is a square, bordered by baroque and neo-baroque buildings of the 18th and 19th centuries, some topped with onion-shaped domes, reminding the visitor that the puszta is one of the gateways to the east. The Kodaly School of Music, the "fancy palace" and the small stores selling regional Magyar folk art can be visited throughout the day.

AN interesting detour might be a visit to the town of Kalocsa. Although it is only about 50 miles from Kecskemet, a ride on a local Volan bus takes close to three hours and as the scenery is unchanging, you run the risk of missing your stop. The ride winds through the Great Plain, know as the Alfold. The narrow two-lane roads are filled with trucks and horse-drawn flat-bed tractors that some of the farmers still use to transport their fruits and vegetables.

The surrounding fields produce wheat, oats and tons of the unofficial Hungarian national spice, paprika, which manages to turn up on everything from scrambled eggs to dancer's heads in kitsch nightclub revues. A paprika festival is held in Kalocsa during the fall harvest, and garlands of the tiny red pepper festoon houses and heads throughout the festivities.

The ancient bishopric of Kalosca is one of the oldest cities of the Great Plain. Hungary's first king, St. Stephen, designated it to be the archbishop's residence. A house filled with women wearing colorfully embroidered dresses and shifts is at 7 rue Mihaly Tompa. Visitors can watch them sew the intricate colorful patterns onto blouses, aprons, linens and dolls that are exported all over the world.

The inside of the house is painted with the same type of floral designs. Traditional-

Continued on page 10

A Romantic and Literary Cornish Corner

by Richard Trenner

FOWEY, England — Robert Bridges, the poet laureate in King George V's day, called this old seaport and yachting center "the most poetic-looking town in England." Of course, other English villages are the equal in poetic beauty of Fowey, which is in a wooded river valley on the south flank of the Cornish peninsula.

Yet if, on a summer afternoon, you hiked above the great cliffs that shelter it from the sea, or if, on an autumn night, you stood by a window overlooking the Fowey River and heard the bells of St. Fimbarrus counting to 12, you would be convinced for a little while at least that Bridges was right.

Much of the beauty of Fowey derives from its setting deep in the West Country, 250 miles (400 kilometers) from London. The town clings to hills that cascade to the Fowey River. And the river, visited by sailboats and oceangoing ships alike, flows into the sea between cliffs below the town. The nearby countryside is luxuriantly green, thanks to the deep valleys and exceptionally temperate climate of the south coast of Cornwall. (The region's popular designation as "the Cornish Riviera" is not entirely travel writer's fiction.)

But part of the beauty of Fowey and the countryside derives from the sense of romance — difficult to define, not so difficult to experience — that pervades this rather strange but splendid bit of England.

Fowey is associated, for instance, with King Arthur. About two miles north of the town are the buried ruins of Castle Dore, a fortified village dating from the second century B.C., later the castle of the Cornish King Mark of Arthurian legend. Kenneth Grahame, a frequent guest at Fowey of a fellow novelist, Sir Arthur Quiller-Couch, wrote his classic book for children, "The Wind in the Willows," in the town. More recently the novelist Daphne du Maurier used Fowey, where she lived for 60 years, as the setting for much of her fiction, including "Rebecca." The Manderley of that popular novel is actually Menabilly, a 17th-century, 70-room manor house on a magnificent headland outside Fowey in which the author once lived. She later moved to a neighboring town, Par, and lived in a house called Kilmarth. She died in Cornwall last April 19.

In summer, Cornish beaches are the goal of sun-starved refugees from the cities and suburbs. But emmets (the Cornish word for outsiders) generally head for such places as Newquay, St. Ives or Looe, which provide the "King Arthur" tea towels and "Celtic" T-shirts, the discothèques and other diversions that small towns like Fowey or St. Mawes, its fashionable neighbor, don't. Even the Atlantic and English Channel waters aren't as pure as they once were.

So despite increasing numbers of visitors and holiday houses, "the little grey sea town that clings along one side of the river," as Grahame pictured Fowey in "The Wind in the Willows," has survived relatively unspoiled. It therefore continues to make a wonderful destination for brief escapes from London or, where time and curiosity are in greater supply, an excellent center for exploring Cornwall, especially the Riviera.

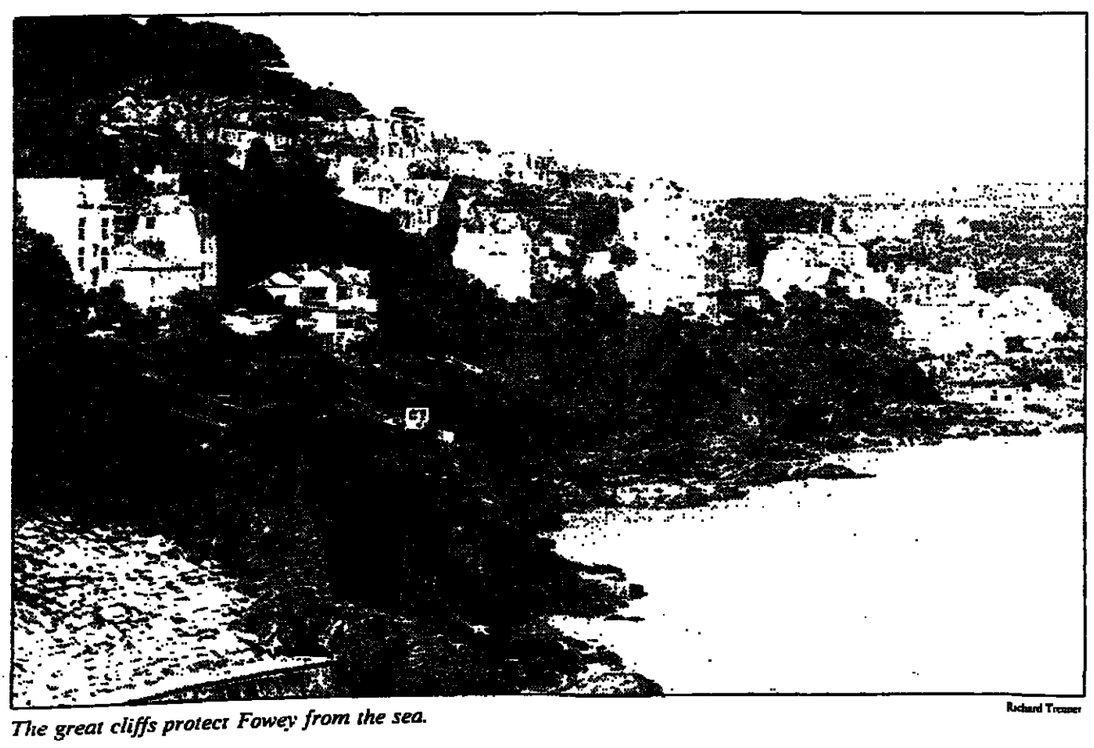
Incidentally, the word Riviera in connection with Cornwall has more to do with things like the inescapable presence of the sea and the green profusion of the valleys than it does with the cheerful regularity of the sunshine. As Daphne du Maurier wrote in "Vanishing Cornwall": "Primroses found on the morning in January, daffodils blooming before St. Valentine's Day, camellias and rhododendron coming into bud and bloom in early February are consolation but not altogether compensation for the summer basking we too often miss. . . . The prevailing wind of Cornwall, sou'-westerly, damp and in essence mild, is the cause of all our grumbles, but without it Cornwall could lose its character and become a barren and bitter land."

YET, she added, "days of delight," which "dawn with what a shimmering haze and almost Grecian beauty," do appear. During visits there last summer and fall, the weather was sunny, clear, sea-fresh. Meteorologically speaking, the best time of year to visit is between May and October, though August, the height of the season, is the time when it is the most difficult to find the best accommodations and the truest peace and quiet. In late fall and winter, when Cornwall is left largely to the Cornish and to the growing numbers of artists and retired people who have retreated here, the solitude is real and the days are often, well, English: chilly, foggy, rather down at the mouth.

In season, there are many reasons to visit Fowey and the surrounding parts of Cornwall — fishing, riding, swimming and, especially, sailing, for instance. The south Cornish coast, crowded with bays, coves, creeks — and wrecks — offers superb if sometimes extremely demanding sailing.

But for many visitors, a combination of what might be called the three English H's — history, houses and hiking — exert the greatest appeal. Even by British standards, Fowey and several of its neighboring towns are exceptionally rich in historic associations.

Continued on page 11



Richard Trenner

The great cliffs protect Fowey from the sea.

Unraveling the Secrets Of Peruvian Weavings

by Margery Stein

LIMA — When Francisco Pizarro and his conquistadors invaded Peru in 1532, they were amazed to discover warehouses crammed with all manner of textiles. The Spaniards were also dazzled by the splendor of the cloth, for the Incas, elaborating on 3,000 years of tradition, had produced weavings of exceptional beauty and complexity.

Soon afterward, the Incas set fire to the textiles to prevent their desecration by the Spanish. But by then, the Incas had grown accustomed to destroying their own work. They valued weaving so highly that they even worshiped a god of textiles, Aksu Mama, in whose honor they sacrificed many of their works.

For thousands of years, weaving has played a central role in Peruvian society. During pre-Columbian times, textiles were the most sought-after trading commodity in the Andes. They were also used to strengthen political, social and religious ties. Gifts of woven cloth were offered at marriages and funerals — an Indian's most precious piece of cloth became his burial shroud.

THAT Peruvians became weavers without peer and sustained that tradition to the present day is partly accidental. They have always had access to a wide variety of fibers — Peru is home to sheep as well as llamas, alpacas and the now rare vicuñas. Moreover, the dryness of Peru's coastal desert helped preserve many weavings, enabling each succeeding generation to study the ancient masters' techniques.

Today, this heritage is in evidence all over Peru. Ponchos, rugs and wall hangings of every shape, size and color seem to hang in every doorway and decorate every paving stone. Every Indian weaves, from toddlers to town elders, using either a horizontal loom fixed to the ground or a backstrap loom, called a *baticola*. It is also portable. The Indians ply their craft while walking, working in the fields, even while lugging their babies on their backs. They sell their wares on the fly, too. A display of rugs may suddenly be laid across the dirt floor of a ruin, or a blanket may be tossed into a tourist's lap through the window of a slow-moving train.

Look hard before you buy. Make sure the weave is tight and ask if the fiber is genuine *sheep's wool (lana de oveja)*. If it is an acrylic like *lana de Orl'on*, it may have a shine when held up to the light. What follows is one shopper's admittedly eclectic guide to several kinds of weavings.

Since earliest times, a noted center for textile production in Peru has been at Taquile, a relatively untouched island about four miles (6.4 kilometers) long in the center of Lake Titicaca, a four-hour boat ride from *Puno*, Peru's major port on the lake.

After the boat docks, the visitor climbs a cobblestone stairway, then meanders along a path, past shrubs and thatch-roof cottages, to the main square. There, a long, low building houses the artisans' cooperative, to which every family on Taquile contributes woven

NYT

A Peruvian in traditional costume.

goods, mainly clothing and accessories. These are of the highest quality, in colors both brilliant and subtle made from dyes extracted from local plants and fruits. Since an elected committee sets prices, bargaining is out.

A cultural icon is the wide woven belt, *chumpi*, in Quechua, which is finished with long braided tassels. Many rituals of daily life involve the chumpi — women give birth lying on one — and the type worn may indicate social status or designate the wearer's community.

The base is often a deep red, with pat-

Continued on page 10

TRAVEL

THE FREQUENT TRAVELER

When Corporate Aircraft Are Good Business Sense

by Roger Collis

CHARTERING a Cessna Citation in Zurich for a day trip to London will cost you 9,000 Swiss francs ($5,500). Hardly a steal if you compare it with the round-trip business class fare — 1,045 Swiss francs. Looked at in purely cash terms it makes sense only if you take along half a dozen colleagues. Think instead of being able to go and come back when you want for a change, the comfort and privacy and the choice of half a dozen small airports around London away from crowds. What price do you put on that?

It depends how you value your time and the opportunity to take trips that you couldn't otherwise. For example, chartering a Learjet from Northolt, an airport north of London, to Strasbourg for the day costs about $4,000. But leaving at 7:30 A.M. you will arrive an hour and ten minutes later, quicker than a commercial airliner, and be back in Northolt in time for lunch. There's no other way you can do this.

Modern corporate aircraft are fast and safe as well as comfortable. A top of the line Learjet cruises at 550 miles an hour and is licensed to 45,000 feet — above the weather and scheduled flights. The Gulfstream and the Canadair Challenger make routine nonstop crossings of the North Atlantic.

If the travel pattern of a company is mainly between London and New York, a corporate plane doesn't make a great deal of sense. If you have locations in, say, Nuremberg, Valencia and Lyon, or Bologna, Antwerp and Gothenburg, the use of a corporate turboprop or jet might be a worthwhile investment. If you are a London-based company with a need to visit 400 shops, a twin-engine executive helicopter may be a good way to keep in touch. If you need to visit bottling plants in Addis Ababa, Khartoum, Kano, Nigeria, and Lubumbashi, Zaire, you can't do it in less than a week without your own plane. There are 2,000 airports throughout Europe. Only about 170 are served by the commercial airlines.

Flying a corporate plane helps you escape the misery of hanging around in airport terminals. You may suffer from air traffic control delays. What you do have though is more flexibility in coping with them. Says Mike Hamlin of Hamlin Jet Limited in London, which operates aircraft for corporate owners, "With good scheduling you can avoid as much as 80 percent of delays affecting scheduled airlines. Some of my friends said, I don't believe you. So June 13 we set out to land in every EC country in the same day. We started from Luton at 3:30 A.M. . . . We made the trip in just 19 hours with 20 minutes on the ground in each place [which I suppose is okay if you're a one-minute manager] with a Citation, the lowest level jet you can get, by carefully choosing our routes."

Most charter operators charge on a basis of actual hours flown, from the time the plane leaves its home airport until its return, plus overnight expenses for the crew. Some may charge an extra fee for every 24 hours that a plane is laid over. One of the largest, Jet Aviation, based in Zurich, charges 3,098 Swiss francs an hour for a light jet, such as a Citation, including ATC and landing fees, and 6,000 plus for a Challenger, Gulfstream or Falcon 50. A flat fee of 450 francs is added for an overnight stay.

Of more serious concern is getting the aircraft best suited for your trip at the right price (this depends where it's coming from) at the right place at the right time. In Europe alone there are about 700 charter brokers offering up to 350 different types of corporate aircraft and helicopters. Get advice from a company that operates or charters corporate aircraft or call an authorized body such as the Aircharter Brokers Association in Britain. You may be able to charter blocks of time on a regular basis.

Whether to acquire a company plane is a more complicated decision. A rule of thumb is that it's only worth it if you need it to fly more than 300 hours or 250 days a year. But it often comes down to an act of faith. "We find it's usually an entrepreneurial decision, rarely a spreadsheet analysis," Hamlin says. "It's taken by one or two senior guys who are fed up with the scheduled airlines. What happens then is they find the cost of operating it isn't as great as they thought. They also find it opens new arenas of opportunity for them. The pain barrier is buying the plane. Once it's there, using it isn't inordinately expensive. So they use it to go somewhere that was too much of a hassle before."

IT'S unlikely that you will find a suitable plane for less than a million dollars; you will probably have to pay between two to four million. A Cessna Citation, the entry level for a jet, will cost you from $1.5 million (used) to $4.5 million new; a faster jet like a Lear will cost up to $5 million and longer range jets like a Falcon 50 and 900, a Challenger and a Gulfstream will you cost from $8.5 million to $23 million. (You can buy a Boeing 737 for $25 to 30 million.)

Says Hamlin, "Putting aside things like finance and depreciation, a plane has two types of cost: a fixed annual cost (crew, hangarage, maintenance and insurance), which for a Citation comes to about £120,000, and a direct operating cost for each hour you fly, which is about £250."

Whichever way you look at it there is no way you can claim that riding on corporate aircraft costs less than the scheduled airlines. But at the end of the day, it is the intangible benefits that make the most tangible case. ■

The address of Inside Tracks, the monthly travel newsletter cited in Roger Collis's column July 14, is: 10 Hartswood Road, London W12 9NQ; tel: (01) 749-0748.

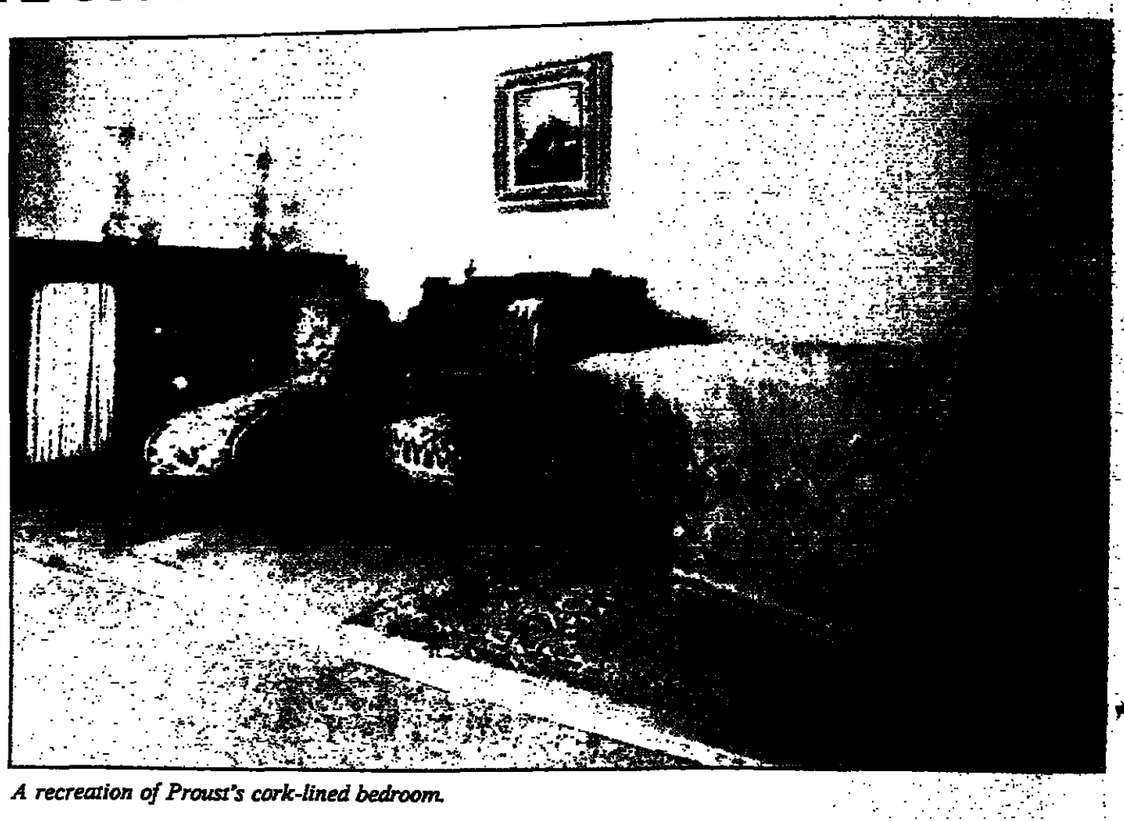
Revolution Feted at Refurbished Carnavalet

by Jean Rafferty

PARIS — Paris has a new museum. Although the Hôtel Carnavalet, in one of the Marais's most beautiful Renaissance *hôtels particuliers*, has been a museum since 1880, its recent 120 million franc ($20 million) renovation and spectacular extension into the neighboring 17th-century Hôtel Le Peletier de Saint-Fargeau has transformed it from a minor into a major attraction.

As the museum of the history of Paris, the Carnavalet has always been a must for history buffs. Now it is a pleasure to be shared by anyone curious about the city's past and the lifestyle of its inhabitants.

With its collection of revolutionary memorabilia, the Carnavalet will be a lasting memorial to the bicentennial. A major part of the restoration was completed just in time for the July 14 celebrations and was inaugurated by Mayor Jacques Chirac in a glittering soirée in which aristocrats were more in evidence than sans culottes.



A recreation of Proust's cork-lined bedroom.

THE revolutionary collections have been sumptuously and appropriately rehoused in 12 rooms on the second floor of the Hôtel Le Peletier, the former home of Louis-Michel Le Peletier, whose own personal destiny was determined during the Revolution. Having voted for the execution of Louis XVI as a representative to the Convention, Le Peletier was assassinated by a former royal guardsman the day the king mounted the scaffold in January 1793.

Those whose thirst for revolutionary lore is still unslaked will find a model of the notorious Bastille carved from one of the stones that remained after the prison's destruction along with period furniture, paintings and china and such personal effects as Robespierre's shaving bowl.

Next to a painting of the execution of Marie Antoinette is an evocation of the royal family's quarters when they were imprisoned in the Temple. Assembled are the bed of Madame Elizabeth, the dressing table of Marie Antoinette and a selection of the royal reading — a far cry from the splendors of Versailles, but considerably cozier than a modern-day cellblock.

The revolutionary array is only a small part of the Carnavalet collections. The building itself is a Renaissance architectural gem with embellishments by the architect François Mansart. Souvenirs of its most illustrious resident, the Marquise de Sévigné, are displayed in a gallery close to the private apartments she occupied for over 20 years. In the courtyard, the bronze statue of Louis XIV was the only one of its kind to escape the revolutionary meltdowns.

The originality of the Carnavalet is the emphasis on period interiors. One can linger in the beautiful paneled and parqueted rooms with signed furniture, crystal chandeliers and antique carpets that represent an elegant Parisian residence in the 18th century.

Or one can skip the revolutionary hoopla to the gilded grandeur of the First Empire in the high-ceiling rooms on the Le Peletier ground floor. Huge portraits of Napoléon, Talleyrand and Madame Récamier, set against golden damask covered walls and an elaborate oversize chandelier, bespeak the unfettered ostentation of the emperor's regime.

The theme is continued upstairs in the rooms devoted to the Second Empire. The extravagant gilded bronze cradle of the Prince Imperial inset with ceramic medallions and embellished with statues, a crown and an eagle stands ironically only steps away from a display case containing the bomb used in the attempt on Napoléon III's life in 1858.

Paintings of battle scenes, scale models of the arrival of the Duc d'Orléans at the Hôtel de Ville in 1830 and Louis Philippe's rolltop desk from the Tuileries Palace, still bearing the marks of where it was broken into in 1848, are reminders that 1789 was not the last revolution that Parisians were to experience.

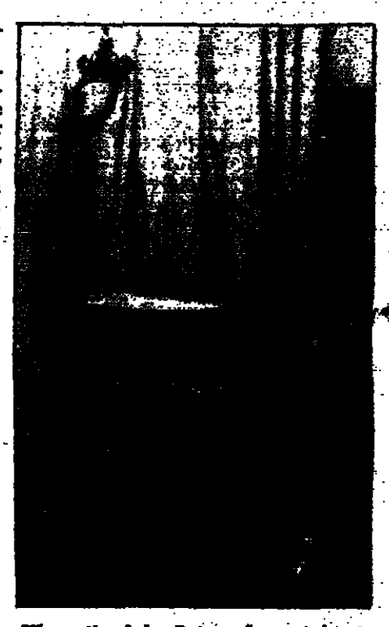
Parisian scenes of the Belle Epoque and Les Années Folles in the rooms devoted to the 20th century provide some of the museum's most stunning decors. The exuberant Art Nouveau interior of the jewelers Fouquet by the painter Alfons Mucha boasts a sculpted fountain, mosaic floors and the fan of a peacock's tail worked in jewel-colored stained glass. Next door, a private room of the Café de Paris designed by Henri Sauvage in 1899 stars the carved arabesques of Majorelle's furniture.

The pièce de résistance of the newly unveiled collections is undoubtedly the reconstruction of the ballroom of the Hôtel de Wendel, decorated by the Catalan painter Jose-Maria Sert in 1924-25. Fabulous frescoes in crimson varnish on a background of white gold leaf cover the walls and ceiling in a representation of the Queen of Sheba, surrounded by exotic entourage, elephants and camels, on a visit to King Solomon.

Further along, there is the recreation of Marcel Proust's cork-lined bedroom with the furniture — featuring the brass bed in which most of "Remembrance of Things Past" was written — which followed the writer through three successive Parisian moves. Two other literary bedrooms, one uncomfortably overcrowded, the other luxuriously upholstered in satin, are attributed to the writers Paul Léautaud and Anna de Noailles, respectively.

When the renovations are completed sometime next year, the Hôtel Carnavalet will present the history of Paris from prehistoric times to the end of the Ancien Régime, the Hôtel Le Peletier de Saint-Fargeau, the collections dating from the Revolution to the present day. ■

Jean Rafferty is a Paris-based journalist who specializes in design and lifestyle.



The crib of the Prince Imperial.

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The Secrets of Peruvian Weavings

Continued from page 9

terned bands in navy or green and white. The wide center band is a medley of figures and symbols representing religious events, agricultural cycles and other aspects of community life: a house, a bird with her offspring, flowering plants, a hexagram representing the six *suyas*, or regions, that divide Taquile. (In all, the islanders have a store of several hundred symbols.) It can take a few months, weaving several hours a day, to make a chumpi, yet they are sold for only $3 or $4.

Traditional men's stocking caps with ear flaps and tasseled tops, called *chullus*, featuring similar design motifs in red, blue and white or green, gray and white, cost about $2. Sweater vests with the same colors and patterns go for about $4. Another miniature work in the same vein is the coca pouch, or *chuspa*, with its tiny buttoned flap, tasseled edges and narrow ribbon straps, for less than $2.

From Puno, a 10-hour train ride takes visitors to Cuzco, high in the southeastern Andes. Once the capital of the Incan empire, Cuzco is major textile territory. Saturation point is reached the week before Christmas, when hundreds of vendors from the countryside take up residence in the main square, the Plaza de Armas.

One of the best collections of old textiles in Peru can be found in the west section of town, two blocks off the Plaza de Armas, at 383 Santa Theresa. The shop is run by Alicia Hnilcahuaman, a Quechua Indian in her 50s. The weavings are of two types, ponchos and llicllas. Both are basically two pieces of four-selvage wool sewn together. The difference is that ponchos have a hole for the head and are worn by Indian men. Without the hole the garment is a llicla, a square shoulder wrap, the traditional garment used by Indian women for warmth as well as for carrying bundles or children. The colors and patterns usually indicate a particular village or region.

There is enough here to satisfy the most avid textile fan — perhaps 100 different styles and designs gathered from all over the country, many are 40 to 100 years old. Such weavings were not intended for sale. In the Andean tradition, a wife weaves for her husband, for her son on the occasion of his marriage, for her daughter when she is pregnant with her first child.

Here, for instance, is a poncho from Q'ero, northeast of Cuzco, with intricate diamond-patterned bands in reds and pinks and blues. On the door hangs a poncho from Combapata, south of Cuzco, with alternating panels of floral and fernlike shapes in bright pink and green on a mustard-yellow background.

A llicla from Pisac, north of Cuzco, is a showcase of the weaver's art, with panels of stylized birds, fish and reptiles alternating with a crisscross design in red and blue shot through with green. Simpler, but more dramatic, is a solid black poncho, with filigree-patterned bands in the center and on the edges rendered in red, yellow, orange and green.

Prices run from $18 for a 15 inch by 12 inch (38 centimeter by 30 centimeter) llicla to $450 for a 70-year-old weaving in perfect condition that is 4 feet by 6 feet. The shop is open six days a week, from 8 A.M. to 6 P.M.

ABOUT 10 miles north of Cuzco, in the lush Urubamba Valley, known as the Sacred Valley of the Incas, lies the tiny village of Ollantaytambo, nestled below a series of steep terraces that guard the ruins of a massive Inca fortress.

Built on Inca foundations, Ollantaytambo is little more than a series of stone courtyards, barely a shadow against the towering backdrop of the Andes. Beyond the main plaza, some crafts shops huddle together at the foot of the ruins. The rugs and blankets, often of handspun sheep's wool, come in varying sizes and designs, most priced between $20 and $25. Pre-Columbian motifs are common, many copied from ancient Incan pottery. One blanket has diagonal bands with a stylized lizard's head, repeated in blocks of gold, blue, maroon and brown; on another, a crouching warrior in full regalia is reproduced in several color schemes; a third shows a condor in flight, first in gold, then in gray, then in pink and maroon.

The shops also offer another type of wall hanging originally created in the central mountain communities of Ayacucho and San Pedro de Cajas. Using a technique known as wadding, which involves introducing naturally dyed unspun wool between the warp threads, the Indians produce rope-like weavings, sometimes called *rellenos*, which resemble paintings.

Visitors bitten by the textile bug have a wide range of other options. The official Peruvian handcrafts agency, Artesan'ias del Peru'u, has a small selection of weavings; the agency operates stores in Lima, Arequipa, Cuzco and Iquitos. In Lima, the shops in Miraflores, the city's well-to-do suburb, are good bets. And the cities and small villages alike usually have Sunday markets. ■

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Hungary

Continued from page 9

ly, "writing women" would paint the designs freehand onto the background and then the women folk artists worked them in the brilliantly colored threads. It is one of the Magyar folk arts that has been carefully preserved by a people aware of the uniqueness of their non-Indo-European language and culture.

After what seems like an endless return trip, the orchards and vineyards surrounding Keskemet indicate that Gereby is near. Those vineyards help to make wine an important export for Hungary. The sweet grapes, benefiting from 2,000 hours of annual sunshine, produce the young, light wines of the region. Although not as well-known as Tokay or Egri Bikawvber, the Hajosi Cabernaet, Szikrai Tirfandli, Olaszrizling and Sauvignon of Kecskemet are very drinkable. The Gereby Kasteky stocks the full-range, so lonely nights on the plains there are filled with food, drink and trading tales of the puszta with fellow travelers.

Locals prefer to down the apricot brandy as a cocktail rather than an after-dinner drink and it is guaranteed to ease saddle sores and take the chill off the night. The small dining room at the inn has been appointed with wooden tables and chairs and hunted animal heads mounted on the walls.

The waiters will insist on bringing out enormous wooden platters of savory stews and will show obvious disgust when compelled to take half-emptied platters back to the chef, who will assume that you didn't like it and will proceed to whip up something else from his expansive repertoire. Most impressive of all is that this is the work of one man, hiding out in the inn's substantial kitchen, surrounded by fresh produce, simmering pots of goulash, tureens of mushroom soup and bowls of fresh whipped cream and home-made chestnut puree. ■

Trish Valicenti is an editor at the Gamma photo agency in Paris.

LASSERRE

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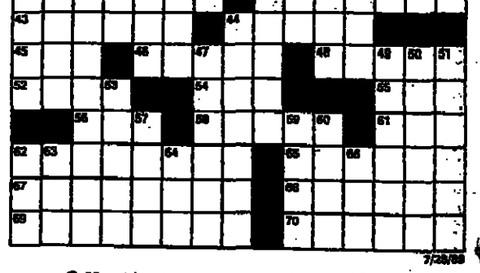
ACROSS

1 Certain sun spot
7 Acted as an agent
15 Subtly sarcastic
16 O'Hare events
17 Most calamitous
18 —— acid, used for synthetic resins
19 Comb. form with deca or hexa
20 Rigatoni, e.g.
22 Ancient
23 Dir. or suffix
24 Rhone feeder
25 Where Beauvais is
28 Indian weights
31 Carried
34 Image: Comb. form
35 Castles country?
37 Grain beard
39 Imaginary
42 Part of a solid, in geometry
43 Queued up
44 Untrue
45 Venus or Juno
46 Jellied garnish
48 Red dye
52 Yugoslav native
54 Beaching vessel
55 Highlands uncle
56 Cockpit stat.
58 Make amends
61 Crow's cousin
62 Uto-Aztecan language
65 Mesh, as gears
67 Guard
68 Union units
69 Poisonous salt
70 Most peeved

DOWN

1 Move about restlessly
2 Melodious
3 Dogwood that sounds apt for Ithaca
4 Amiens article
5 Speech problem
6 Recorded proceedings
7 Clique
8 Thoroughgoing
9 ——-Magnon
10 J. Broz
11 Rounded molding
12 Most lecherous
13 Samuel's teacher
14 G. I. hero's award
21 French composer
26 In —— (in place)
27 Dutch cheese
29 Italian wine center
30 The backbone, medically
32 Nobleman
33 Muslim sect member
35 The birds, to Brutus
38 Lake near Milano
39 Topmast supports
40 Arrow poison
41 Old trumpets
42 Ipso ——
44 Pliable
47 Galaxy member
49 Composed
50 Pictures
51 Most up-to-date
53 Thrash
57 Leg part
59 Headland
60 Within; Comb. form
62 AARP's paymaster
63 "Make — —— Mine," 1954 song
64 "—— Clear Day," 1965 song
66 Needlefish



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Solution to Previous Puzzle

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TRAVEL

Drinking in the Flavors Of the Rhône Valley

VACQUEYRAS, France — There is more to understanding wine than swirling, sniffing, gargling and stacking up adjectives to try to describe the properties of a specific red, white or rosé.

For my money, the only real way to understand any wine — and remember it in any detail — is to head straight for the source. Drive alongside roads hugging acres of vineyards in the middle of summer, when the

PATRICIA WELLS

grapes are inhaling and absorbing all the fruits, the fragrances, the herbs and the goodness that they will begin to give off shortly after harvest time in the fall.

Drive about the southern Rhône Valley, and without even uncorking a bottle, just by opening your eyes and ears, you will understand why the wines of this region — Vacqueyras, Gigondas and the multitude of wines labeled simply Côtes-du-Rhône — are energetic, heady, often wildly dense. The summer sun here is unforgivingly intense, and there is rarely more than a drop of rain to dilute the density of the juice within the grapes. As you drive about this scorched yet verdant region, it's not hard to understand why the wines are vibrant, alive, fragrant with truffles and wild thyme, rosemary and pepper. It's as if the grapes have sucked up the sun from above, absorbing from below the chalky soil all that grows within range.

Meet the man or the woman who makes the wine, and you will have added greatly to your storehouse of knowledge of a wine. Every time I uncork a bottle of Georges Faraud's Gigondas — to my mind one of the finest and most consistent wines of Gigondas — I remember the first time I drove up in his yard in 1981. I followed the signs carefully, but was certain that the house I approached was haunted or abandoned. But Faraud appeared at the screen door, toothless and calm, ready to share his lush, berry-ripe wine.

It's been the same every year since, and last week as I came by for the 1985 Domaine de Cayron, he announced: "It's all been sold to America," noting that due to good press on his 1985, American tourists come by daily, many looking for a single bottle to drink on the long plane ride home. (But don't despair, the 1986 has Faraud's great, spicy bouquet, ruby-black, full-flavored, and ready to assure years of pleasure.)

The wines of this region are still among the country's bargains, most of them priced at less than 25 francs a bottle. While there are tank loads of dreadfully fruity sweet cooperative wines, there are dozens of extraordinary ones, and enough winemakers to keep you busy for weeks of touring and tasting.

It is too soon to tell what the 1989 vintage will be like; many winemakers predict that even at its best it is likely to be an awkward vintage after such a dry year. But the 1988 is a spectacular one. While much of the 1988 is not yet in the bottle, there is still quite a bit of excellent 1985 and 1986 available. If you stick with the best winemakers, the 1977 — a difficult vintage due to rains during harvest — can be highly drinkable.

Although the most traditional grape of the region is the grenache — which can produce good as well as bad wine, depending much on how the vines are pruned — the best winemakers also add a percentage of cinsault for fruitiness, mourvedre for color and backbone, and syrah for tannin and structure. There is a trend here toward more 100 percent syrah wines, the grape used exclusively in the long-lived wines of Hermitage, Côte Rôtie and Cornas. A good pure syrah wine worth seeking out is the Vacqueyras Cuvée des Templiers from the Clos de Cazaux.

While the whites and rosés of the region are fine for sipping at sunset, few prove to be memorable. An exception is the rare white (only one hectare — 2.47 acres — of vineyard) of the Domaine Sainte-Anne made from the viognier grape, the cépage of the low-acid, well-balanced, fruity wines of Condrieu and Château Grillet to the north. Last week I drove to the Domaine Saint-Anne in the village of Saint-Gervais, on the west bank of the river, and was able to weed two single bottles from the lady in the tasting room.

Not surprisingly, many of the best wines come from small, boutique wine makers. My favorite "daily" red comes from a quiet man who makes a single wine from a mere six hectares. At his Vignoble de La Jasse, between Gigondas and Châteauneuf-du-Pape, Daniel Combe combines grenache, cinsault and mourvedre grapes, and ages his wine in wood for a year before bottling it, unfiltered, leaving all the life, energy and flavor in the wine, not the filter pads.

Following are some Rhône Valley wine makers worth visiting. Most are open from 9 A.M. to noon and 2 to 6 P.M. Monday through Saturday. Most do not take credit cards. The vineyards are well marked, which does not mean they are easy to find. Recommended wines are noted; most cost 25 to 35 francs a bottle.

Vignoble de La Jasse, Daniel Combe, Route d'Avignon, Violès, 84150 Jonquières; tel: 90.70.93.47. 1986 Côtes-du-Rhône.

Domaine du Cayron Gigondas, Michel and Georges Faraud, 84190 Gigondas; tel: 90.65.86.71. 1986 Gigondas.

Domaine la Garrigue, Albert Bernard et Fils, 84190 Vacqueyras; tel: 90.65.84.60. 1985 and 1986 Vacqueyras.

Domaine Rabasse Charavin, Corinée Couturier, Cairanne, 84290 Saint-Cécile-les-Vignes; tel: 90.30.70.05. 1986 Cuvée d'Estevenas, 1986 Rasteau.

Domaine les Goubert, Jean-Pierre Cartier, 84190 Gigondas; tel: 90.65.86.38. 1987 Beaumes-de-Venise; 1987 Sablet; 1986 Gigondas Cuvée Florence; 1988 Côtes-du-Rhône-Villages Sablet white.

Le Couroulu Jave Ricard Pierre et Fils, 84190 Vacqueyras; tel: 90.65.84.83. 1986 Vacqueyras.

Château du Trignon, Charles Roux et Fils, 84150 Gigondas, Beaumes-de-Venise. Tel: 90.46.90.27. 1986 Rasteau, 1986 Gigondas.

Domaine Le Clos des Cazaux, MM. Archimbaud et Vache, Vacqueyras, 84190 Beaumes-de-Venise, tel: 90.65.85.83. 1987 Vacqueyras-Cuvée des Templiers; 1986 Gigondas Cuvée de la Tour Sarrazine.

Domaine La Soumade, André Romero, 84110 Rasteau; tel: 90.46.11.26. 1986 Côtes-du-Rhône-Villages Reserve-Rasteau.

Domaine Le Sang-des-Cailloux, Route de Vacqueyras, 84260 Sarrians; tel: 90.65.88.64. 1987 and 1988 Vacqueyras.

Domaine du Vieux Chêne, Rue Buisseron, 84850 Camaret; tel: 90.37.25.07. 1986 Côtes-du-Rhône Cuvée de la Haie aux Grives.

Domaine Sainte-Anne, Les Cellettes, Saint-Gervais, 30200 Bagnols-sur-Cèze; tel: 66.82.77.41. 1987 Le Viognier white; 1987 Côtes-du-Rhone-Villages red. ■

Tracking Tigers in Rajasthan

by Warren Getler

RANTHAMBHORE, INDIA — At dusk, the air in this bountiful national park fills with an indescribable chorus of mating calls. Peacocks, deer, antelope and frogs chime in with their respective love songs. Every so often, the chanting ends abruptly and the scrub forest, some six hours south of Delhi in the state of Rajasthan, is suddenly pervaded with a hair-raising expectancy. From the treetop canopy, langur monkeys bark their alarm calls. All else falls silent.

A tiger is on the prowl.

Within hours of entering the crumbling, centuries-old gates of the park, a former hunting preserve of Moghul emperors and Rajput maharajas, we came across the signs of a tiger on the move. At the edge of a lake, we could see from our jeep a flash of ochre and black moving behind thick shrub, about 15 meters (16 yards) away.

In a sudden explosion of fury, a full-grown tigress reared up from behind the shrub to confront another adult female, which had not been visible to us. The two 150-kilogram (330-pound) animals — solitary creatures that rarely tolerate trespassing — thrashed about in the shallows of the lake. The 10-second encounter was unforgettable.

"You don't see that kind of thing every day," said Gordon Singh, our guide.

Indeed, it was a marvelous introduction to the park, one of 15 Project Tiger Reserves in India and probably the best in the world for observing the animals in their natural habitat. At the turn of the century, an estimated 40,000 tigers roamed India. But hunting, poaching and, more recently, human encroachment have whittled the population down to a few thousand.

Conservation efforts over the past 20 years have steadied the nation's tiger population at around 4,000, which compares favorably to a tally of 1,800 when Project Tiger, which outlaws hunting, was launched by the government in the early 1970s. The prime minister at the time, the late Indira Gandhi, selected Ranthambhore as the site to launch the project, which has proved one of the more successful conservation initiatives undertaken by a government.

WHAT adds to Ranthambhore's special character is the fact that the park is dotted with remnants of *chhatris* — summer palaces, temples, wells and tombs — dating back to the 15th century. A number of tigers are known to inhabit the ruins, most of which are overrun by vegetation.

A closer look by foot is out of the question. The tigers, although generally accustomed to jeeps, are man-eaters. A 9-year-old boy was killed last fall just outside the park gate when he was accidentally left behind on a road at night following a religious ceremony.

Seven tigers — four females, a male and two cubs — were sighted during our five-day visit to the park. According to a census completed earlier this year, 42 tigers are contained in the park's 411 square kilometers.

The trip to Ranthambhore, the first leg of a three-week journey through Rajasthan in north-central India, could not be described as unadulterated bliss for nature enthusiasts. The drawback, which is being reviewed by local authorities, is the behavior of some of the local jeep drivers when a tiger comes into view. Following the initial spotting of the two tigresses at lakeside, five jeeps dogged one of the females — with horns blaring and drivers yelling — as she made her way back into the forest.

A more serious incident occurred later in the week, when a British visitor lost a finger in a car accident when he reached out to stop a jeep from encroaching on a tigress and her cubs. The accident has spurred local administrators to limit the amount of traffic around the three lakes that comprise the park's core, to restrict the number of vehicles stopping at any one site and to open a driver-training school.

A pattern of beauty tinged with chaos continued throughout our travels in Rajasthan. The arid, thinly populated region revealed a vibrant patchwork of forts, palaces, temples and cities.

Traveling by rail, particularly to the remote and ancient city of Jaisalmer in the Thar desert near Pakistan, gives one a sense of the rugged terrain that has shaped the character of the Rajasthani culture over the centuries. The trains, almost all of which are steam-powered, were usually reliable, but slow. A dust-filled overnight trip to Jaisalmer, in the northwest corner of the state, from Jodhpur took 10 hours to cover a distance of 330 kilometers.

Juli Cutler

One of an estimated 4,000 tigers in India, which has been successful in efforts aimed at increasing the population.

Juli Cutler

A Rajasthani merchant.

UNLIKE the bordering state of Uttar Pradesh, which boasts such attractions as the Taj Mahal and the bathing ghats of Varanasi, Rajasthan's chief allure is the mosaic of myriad fortresses that punctuate its intermittently flat and hilly landscape.

The finely crafted stone fortresses, most of which are intact, reflect nearly 10 centuries of both internecine warfare among tribal clans and defensive campaigns against invading Muslim forces. The state was formed, after India's independence in 1947, by converging 22 separate fiefdoms.

Rajasthan also has a network of palace hotels. Throughout the land, many maharajas have converted their personal residences into luxury-class hotels. In some cases, such as the sprawling Umaid Bhawan Palace in Jodhpur, the maharaja continues to use the palace as his own residence. Guests at the Umaid, one of the largest private residences in the world, have access to the 66 rooms on ground level and to the manicured gardens of the domed building that runs 193 meters long by 101 meters wide.

The Umaid, operated by India's Welcomgroup Hotel chain, is replete with reminders of the British Raj: the trophy bar, where drinks are served in a teak-paneled sitting room under the open jaws of mounted tiger and leopard heads; the billard room, where pool and snooker can be played, and Marwar Hall, where red-turbaned waiters in full maharaja livery help guests to a generous spread of Indian or Western cuisine.

The building, designed by a British architect, H.V. Lanchester, has a cavernous quality. Its austere, Western-style symmetry and its rows of gargoyles atop its inner halls seem strangely out of place in India's outback.

To appreciate Rajasthan, you have to go out on foot — or, in some cases, atop elephant or camel — and experience the narrow, winding alleys of Jaipur, Jodhpur, Udaipur and Jaisalmer.

In Jaipur's Pink City, where facades are either built of pink sandstone or are painted a similar hue, a stroll through a bazaar can lead to good buys in block-printed fabrics, in gems and jewelry, and in pottery. Some stalls have *chilums*, or smoke-pipe bowls, and *surais*, or water pots, stacked three meters high.

Traveling west from Jaipur, Rajasthan's capital and largest city, one reaches the Blue City of Jodhpur. With its huge Mehrangarh Fortress, Jodhpur is worth a day's visit, taking in its large fruit market and its craft stalls. The stalls and the city's other buildings are predominately blue, creating a sense of vertigo when navigating through the tortuous network of alleyways that lead up to the fort, which sits on a huge outcrop.

Udaipur and Jaisalmer lie equidistant from Jodhpur, to the southeast and northwest, respectively. Udaipur offers splendid vistas from the hills surrounding Pichola Lake, in which the Lake Palace Hotel occupies center stage. The best buys in Udaipur are silver and silver-alloy jewelry. However, ask the vendor to apply the "acid test" on the jewelry to determine its silver content. If the piece is pure silver, the acid, a supply of which most vendors should have, will not react with the metal.

Udaipur is also a center for Indian miniature paintings, intricately done with a cat's hair, either on parchment or ivory. ■

Cornwall

Continued from page 9

Moreover, while Cornwall is not as celebrated for its great houses as are several other counties, there are a number of houses in the county well worth a visit. And the hiking or walking is generally superb.

In the Middle Ages the town was an important point of departure for religious pilgrims traveling to Europe. For centuries afterward, driven by less elevated ambitions, it was a center of privateering and smuggling. The Fowey "gallants" became "rich, proud and mischievous," through the spoliation of French ports and coastal towns, according to a contemporary account. In 1456, the French attacked Fowey and burned much of the town.

In more recent times Fowey has evolved from being a base for naval and maritime operations to being a center, albeit small, for shipping and tourism. The Napoleonic Wars brought shipbuilding work, and the town sent 70 men to fight, more than twice the number from any other Cornish town. Later the export of china clay increased to the point where, with the holiday business, it is now the mainstay of the local economy. Briefly replaying an old part, Fowey was one of the English ports from which, on June 6, 1944, ships left loaded with soldiers.

THE great ships are gone, and the sort of history that can be seen and touched lies largely in the old buildings of the region. St. Fimbarrus, whose tower is one of the tallest in Cornwall, dates to 1330. Its pulpit is said to be made of wood from a Spanish galleon taken by the Fowey gallants in 1601. Behind the church stands the grandest house in the town proper, Place, for 700 years home to the Treffry family. In the French attack on Fowey in 1456, Elizabeth Treffry successfully defended Place, reputedly by pouring molten lead from the roof onto the heads of the French. The lofty towers and battlements that give the house its storybook appearance and the town its distinctive skyline were added soon after the attack.

Treffrys still live at Place, and so the house is not open to the public; but two superb Cornish houses, within easy drives of Fowey, both of historical interest, have been opened in recent years. Cothele and Lanhydrock are both beautiful country houses, yet because they are very different, they allow insights into the evolution of aristocratic taste in architecture, decoration and landscape. Cothele — medieval, mellow, hidden away on an agricultural estate — is as quietly serene as evening prayer. Lanhydrock — half 17th-century, half Victorian, announced by a great avenue of beeches — is as self-consciously gorgeous as a set for "Masterpiece Theater."

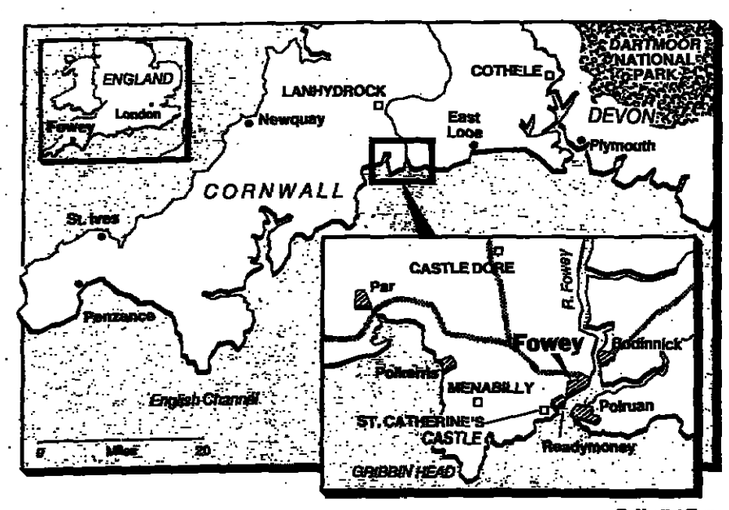
Cothele, on a hill above the River Tamar, which forms the boundary between Cornwall and Devon, is one of the least altered medieval houses in Britain. The Edgcumbe family owned Cothele from 1353 to 1947, when postwar inheritance taxes led them to deed it to the National Trust. Delightful walks can be taken at Cothele: in the gardens, along the Tamar, to the tower.

Lanhydrock is newer, grander, more romantic. Much of its appeal comes from observing the contrast between the exterior and the interior. Built above the Fowey River between 1636 and 1651 by the Robartes, a rich merchant family, the house has a vaguely Jacobean exterior. In 1881 fire gutted much of the building, but it was immediately rebuilt and the exterior was made to look exactly as it had before the disaster. The interior was redesigned to include the amenities of a Victorian house: central heating, bathrooms, modern kitchen.

Like Cothele, Lanhydrock has extensive and richly planted grounds to explore. Especially appealing are the terraced gardens behind the main house, and the beech walk, which begins at the gatehouse and stretches nearly a mile to the Fowey River. In all, there are dozens of paths here, as at Cothele, well maintained by the National Trust.

The largest private landowner in Britain and supported by 700,000 members, the National Trust has done a great deal in Cornwall to maintain buildings of historic or architectural importance and to preserve the countryside. One of its best works has been to protect the Cornish coastline, about 100 miles of which it owns. Much of the land by the river and the sea in and around Fowey is the property of the National Trust, and this makes it possible to hike there for miles through unspoiled countryside.

The hike to Polkerris, one a thriving fishing village, now almost a ghost town, is longer and more dramatic. The trail leads out of Fowey, past the bathing beach at Readymoney Cove, and past the ruins of St. Catherine's Castle by the harbor mouth. Once beyond the castle, the path alternates between pastures, where sheep and cattle graze, and cliffs, which fall 200 feet.



The New York Times

Later it wiggles up the Gribbin, a headland that provides views for miles along the coast. Eventually it passes near the lodge at Menabilly.

In "The Kingdom by the Sea" the writer Pani Theroux observed of Fowey, "It looked an excellent place to start a long voyage, because it was a beautiful settled place, like a serene lakeside village."

Surely Robert Bridges would have liked that description. ■

Richard Trenner, president of Advanced Communication Training in Princeton, New Jersey, wrote this for The New York Times.

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François Bédarida, Directeur de l'Institut d'histoire du Temps présent, introduction of the theme
Aleksandr Ogonovich Chubarian, Director, Institute of World History, Moscow, "The failure of the Moscow talks"
Aleksandr Nekrich, Harvard University, "The two Nazi-Soviet pacts and their consequences"
Klaus-Jörg Müller, Universität der Bundeswehr, Hamburg, "The German opposition to both Hitler and Stalin"
Respondent: John A. Lukacs, Chestnut Hill College, Pennsylvania, and Princeton University

II. "The Abandonment of Poland and the Phony War"
Maurice Vaïsse, Université de Reims, introduction of the theme
Reiner Pommerin, Friedrich-Alexander-Universität, Erlangen, "The failure of the West European democracies to strike in the West"
Charles Higham, Los Angeles; former Regents' Professor, University of California at Santa Cruz, "US policy and private American aid to Nazi Germany"
Vyacheslav Dashichev, Institute of Socialist World Economy, Moscow, "The Phony War: the correspondence between Moscow and the Soviet embassies in Paris and London"
Respondent: Jean Vanvelkenhuyzen, Directeur du Centre de recherches et d'études historiques de la Seconde Guerre mondiale, Brussels

III. "Poland under Occupation"
Richard F. Staar, Hoover Institution on War, Revolution and Peace, Stanford, introduction of the theme
Keith Sword, University of London, "The division of Poland"
Antoni Czubinski, Director, Instytut Zachodni, Poznan, "Western Poland under Nazi occupation"
George Urbaniak, Wilfrid Laurier University, Canada, "Eastern Poland under Soviet occupation"
Respondent: Yuri Afanasyev, Rector, Soviet Institute of Historical Archives

IV. "The Implications of the Soviet-German Pacts for the Western European Democracies"
Brian Bond, Professor of Military History, King's College, London, introduction of the theme
Philip Bell, University of Liverpool, "The implications for Great Britain (August - December 1939)"
Jean Laloy, Ambassadeur de France, "The implications for France (August 1939 - June 1940)"
Harry Hanak, University of London, "The implications for Great Britain (January 1940 - June 1941)"
Respondent: Gabriel Gorodetsky

V. "The Nippo-Soviet Rapprochement and the Reaction of Nazi Germany"
Philippe Richer, Conseiller d'Etat, introduction of the theme
Sergei Leonidovich Tikhvinsky, Academy of Sciences, Moscow, "Soviet strategy in the rapprochement with Japan"
Yutaka Akino, Tsukuba University, "Japanese reaction to the Hitler-Stalin Pact"
Sumio Hatano, Tsukuba University, "Japanese strategy in its rapprochement with the USSR"
Bernd Martin, Universität Freiburg-im-Breisgau, "Germano-Japanese relations after the Hitler-Stalin Pact and German reaction to the Nippo-Soviet rapprochement"
Respondent: Donald Detwiler, Southern Illinois University

VI. "The Finno-Russian War"
Jukka Nevakivi, University of Helsinki, introduction of the theme
Roy A. Medvedev, Moscow, "The Finno-Russian War: the Soviet purpose"
Olli Vehvilainen, University of Tampere, "The Finno-Russian War: the Finnish purpose"
Victor-Yves Ghebali, Institut Universitaire des Hautes Etudes Internationales, Geneva, "The expulsion of the USSR from the League of Nations"
Respondent: John C. Cairns, University of Toronto

VII. "The Italian Question" "The Annexation of the Baltic States"
Pierre Milza, Institut d'Etudes politiques de Paris, introduction of the theme
Romain Rainero, Director, Istituto di Studi Srorici, Università degli Studi di Milano, "The mobilization of public opinion in Italy against the Western democracies"
Pierre Guillen, Université de Grenoble, "Franco-Italian relations, April - June 1940"
Denis Mack Smith, Oxford University, "Anglo-Italian relations, April - June 1940"
Edgar Anderson, San José State University, California, "The Baltic States, August 1939 - June 1941"
Respondent: Heino Arumäe, Estonian Academy of Sciences, Tallinn

VIII. "The Balkan Question", The Summing-up
Ronald Hilton, President, California Institute of International Studies, Stanford, introduction of the theme
Vladimir Constantine Volkov, Director, Institute of Slavonic and Balkan Studies, Moscow, "Axis and Soviet Moves in the Balkans"
Respondent: Marc Ferro, Directeur de l'Institut du Monde Soviétique et de l'Europe centrale et orientale, Paris
Robert O'Neill, Chichele Professor of the History of War, Oxford University, The Summing-up for the Western democracies
Aleksandr Ogonovich Chubarian, The Summing-up for the Soviet Union

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Thursday's NYSE Closing

Via The Associated Press

NYSE Most Actives

	Vol.	High	Low	Last	Chg.
BristMy	45502	50	48¼	49½	−2½
SecPac	41677	51½	50¼	51½	+1⅛
AT&T	37582	40¾	39⅝	40⅝	+1¼
Unisys	36833	22¼	20¾	22¼	+1½
SmithB eq	35894	42¾	41⅝	42⅜	+ ¾
Squibb	33744	114	110¾	112½	+24¾
Upjohn	27798	33⅝	32⅝	33	+1⅛
USX	26801	36¾	35	36¾	+1¾
CdnPac g	24880	22½	21⅝	22	+ ⅜
Lyondl n	20922	22¼	21½	22¼	− ½
GMotr s	20677	45¾	44⅝	45⅝	+ ⅝
Syntex	20050	50¼	49⅛	50	+ ⅝
Morgan	19804	39⅞	38	39⅞	+1⅞
McDnl s	19578	30¾	30⅛	30⅝	+1⅛
Alrgn n	19306	25⅛	24⅝	25⅛	+ ⅝

Dow Jones Bond Averages

	Close	Ch'ge
Bonds	93.08	+0.15
Utilities	93.71	+0.29
Industrials	92.44	+0.04

Market Sales

NYSE 4 p.m. volume	213,680,000
NYSE prev. cons. close	188,270,000
Amex 4 p.m. volume	14,790,000
Amex prev. cons. close	13,120,000
NASDAQ 4 p.m. volume	140,254,800
NASDAQ prev. 4 p.m. volume	124,474,900
NYSE volume up	152,072,000
NYSE volume down	41,274,000
Amex volume up	9,263,000
Amex volume down	3,541,900
NASDAQ volume up	n.a.
NASDAQ volume down	n.a.

NYSE Diary

	Close	Prev.
Advanced	1020	981
Declined	498	483
Unchanged	482	499
Total Issues	2000	1963
New Highs	261	140
New Lows	19	17

NYSE Index

	High	Low	Close	Ch'ge
Composite	190.22	188.80	190.22	+2.08
Industrials	228.26	226.88	228.26	+2.43
Transp.	185.47	184.84	185.47	+1.38
Utilities	92.30	91.59	92.30	+1.10
Finance	161.42	160.09	161.42	+1.92

Odd-Lot Trading In N.Y.

	Buy	Sales	*Sh'rt
July 26	333,046	605,035	110,241
July 25	385,423	602,318	59,277
July 24	351,521	520,526	9,255
July 21	411,657	533,599	3,483
July 20	479,384	643,443	18,914

*Included in the sales figures

Dow Jones Averages

	Open	High	Low	Last	Chg.
Indus	2622.15	2649.28	2604.70	2635.42	+ 22.57
Trans	1273.12	1283.61	1252.49	1266.18	− 0.48
Util	216.93	218.75	215.67	217.93	+ 0.75
Comp	1018.42	1028.05	1008.92	1020.47	+ 5.23

AMEX Diary

	Close	Prev.
Advanced	382	314
Declined	255	249
Unchanged	246	262
Total Issues	883	825
New Highs	65	46
New Lows	15	12

Standard & Poor's Index

	High	Low	Close	Ch'ge
Industrials	392.55	387.31	391.87	+4.56
Transp.	287.54	284.31	285.44	+0.26
Utilities	139.50	137.99	139.50	+1.47
Finance	32.54	32.07	32.54	+0.46
SP 500	342.00	338.05	341.99	+3.94
SP 100	319.99	313.96	318.09	+4.13

NASDAQ Index

	Close	Ch'ge
Composite	452.48	+3.36
Industrials	439.27	+3.43
Finance	530.72	+1.82
Banks	473.14	+1.48
Insurance	n.a.	n.a.
Utilities	n.a.	n.a.
Transp.	n.a.	n.a.

NASDAQ Diary

	Close	Prev.
Advanced	1,152	1,124
Declined	817	829
Unchanged	n.a.	2,447
Total Issues	n.a.	4,400

AMEX Most Actives

	Vol.	High	Low	Last	Chg.
BAT	16160	14⅞	14½	14⅝	+ ⅛
ICH	5936	6⅛	[illegible]	[illegible]	[illegible]
FruitL	4667	13⅛	12⅜	[illegible]	[illegible]
HlInvst	4406	13	8¾	[illegible]	[illegible]
TexAir	4360	[illegible]	[illegible]	[illegible]	[illegible]
WangB	4225	[illegible]	[illegible]	[illegible]	[illegible]
A-atf2 sc	4091	[illegible]	[illegible]	[illegible]	[illegible]
Atari	4016	[illegible]	[illegible]	[illegible]	[illegible]
Grang g	3009	15	[illegible]	15	[illegible]
Amdhl s	2996	[illegible]	[illegible]	[illegible]	[illegible]
AFruc A	2566	[illegible]	[illegible]	[illegible]	[illegible]
Alza	2156	[illegible]	[illegible]	[illegible]	[illegible]
Kirby	2079	[illegible]	[illegible]	[illegible]	[illegible]
Hasbro	1700	[illegible]	[illegible]	[illegible]	[illegible]
AlisCM	1621	2½	2½	2½	[illegible]

AMEX Stock Index

High	Low	Close	Ch'ge
375.35	372.42	375.35	+2.57

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Wall Street Stock Prices Soar

United Press International

NEW YORK — Favorable economic news and a flurry of takeover activity centered on the drug industry on Thursday combined to send stock prices sharply and broadly higher in busy trading on the New York Stock Exchange.

The Dow Jones industrial average, which jumped 29.97 points Wednesday, rose 22.38 to close at 2,635.43. The close represented another post-collapse high for the 30-stock index and moved it to within less than 90 points of its all-time closing high.

Broader market indicators, which surpassed their all-time highs on Wednesday, continued to extend their gains. The New York Stock Exchange composite index rose 2.08 points to 190.22. Standard & Poor's 500-stock index added 3.94 to close at 341.99. The price of an average share gained 40 cents.

Advances led declines by about a 5-2 margin. Volume totaled about 213.7 million shares, compared with about 188.3 million traded Wednesday.

The market advanced sharply at the opening bell after the government reported that the gross national product expanded by a smaller-than-expected 1.7 percent in the second quarter. Forecasts had called for a 2 percent increase.

The Dow industrial average jumped about 18 points in the first hour before surrendering all but a fraction of the gains in the following 30 minutes. Prices then stabilized and the blue-chip index once again began to climb.

Gene Seagle, director of technical research at Gruntal & Co., said economists viewed the second-quarter GNP report as evidence the economy was indeed slowing, but not in danger of sliding into a recession.

"We have a market in which all points seem to be heading north," Mr. Seagle said. "Everything is coming together. We have an easing economy, lower interest rates, and a return to takeover and merger deals in good companies."

He said the takeover activity was reducing the amount of equities available for purchase "by the money already built up on the sidelines."

"The case put forth by the bears indicates they are not in touch with reality," Mr. Seagle said. "They have been calling for continued inflation, a move toward recession, a tight monetary policy and overvaluation in the market. The GNP number shows a real slowdown but not one that would give us a recession."

He predicted that the Dow industrials would soon catch up with the broader indicators and break its all-time high of 2,722.42, set Aug. 25, 1987.

"Of course, one of the dangers is the broadening use of program trading," Mr. Seagle said. "That could push the market to a degree where it is overextended and set up the possibility of a real correction. It could create the kind of froth and excitement that would call that kind of correction."

Bristol-Myers was the most active issue, falling 2⅜ to 49½ on news it had agreed to acquire Squibb, which soared 24¾ to 112½.

Security Pacific Corp. followed, gaining 1⅛ to 51½.

AT&T was third, jumping 1¼ to 40⅝.

SmithKline Beecham rose ¾ to 42⅜. IBM was up ½ to 113.

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Ch'ge
A–Z (sections A, B, C, D, E, F, G, H, I, J-K, L, M-N, O-P, Q-R)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

(Continued on next left-hand page)

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WALL STREET WATCH

S&L Rule Leaves Market In Junk Bonds Unscathed

By JAMES BATES
Los Angeles Times Service

NEW YORK — An agreement reached by Congress requiring U.S. savings and loan institutions to sell their junk bonds within five years is seen by some industry officials as a generous concession to the thrifts by House and Senate members negotiating a massive savings and loan bailout package.

The agreement, reached Wednesday, largely affects a handful of California thrifts that own more than half of the $14.4 billion-worth of the securities held by the industry.

The requirement that S&Ls sell the bonds is an attempt to rein in some of the far-flung investments that thrifts have made in recent years using government-guaranteed deposits. Junk bonds are the high-yield, low-rated debt securities issued by companies that often have difficulty raising money through more conventional channels.

In five years thrifts can sell their holdings in an orderly way.

Junk-bond holders fought hard to buy time to sell the bonds in the wake of a House proposal that would have required liquidation in only two years, something the industry complained might have depressed prices and caused havoc in the marketplace. In five years, said consultants, thrift executives and traders, thrifts can probably liquidate their junk-bond holdings in an orderly way.

"Five years is even long enough to sell a house in Texas," said Alex Sheshunoff, an Austin, Texas, thrift and banking consultant, referring to one of the most depressed real-estate markets in the United States.

The compromise also does not mean that savings and loans will be out of the junk-bond business, but rather that their activities will be limited. Under a provision of the proposal agreed to by the congressional conferees, they can invest in the bonds through separately capitalized affiliates that do not use government-insured deposits.

Relatively few savings and loans own junk bonds. Just 30 thrifts nationwide hold more than 90 percent of the $14.4 billion in junk bonds held by thrifts. Nearly half of that amount is held by just eight California S&Ls.

CLEARLY, THE institution most affected will be Columbia Savings & Loan, the Beverly Hills, California-based thrift that holds nearly $4 billion in junk bonds, about one-third of its $12.7 billion in assets. Aided by gains from its junk-bond investments, Columbia has grown rapidly and posted strong profits during the past few years, but it has been criticized by those who believe that government-guaranteed deposits should not be used to speculate in high-risk bonds.

The compromise brought angry responses from companies involved in junk bonds. Drexel Burnham Lambert Inc., the investment-banking firm most responsible for developing the market, called the compromise "disappointing and unnecessary."

In a statement, Drexel cited a General Accounting Office report concluding that no thrift had failed because of junk bonds. "The evidence is clear that high-yield bonds have been superior investments for savings and loans," Drexel said.

The long-term effect on the junk-bond market is likely to be mild. David Aylward, executive director for the Alliance for Capital Access, a coalition of corporations that have raised money selling junk bonds, said he expects little disruption in the junk-bond market because the thrifts will sell their holdings over five years without a strict timetable.

Portfolio managers, consultants and others also said they

See THRIFT, Page 16

Chrysler Says Cuts Will Dent Income

Compiled by Our Staff From Dispatches

DETROIT — Chrysler Corp. plans to cut its work force by about 2,300 as part of a $1 billion cost-cutting program that will adversely affect fourth-quarter earnings, the company said Thursday.

Although fourth-quarter results will suffer, the move should improve the company's profitability in the first quarter of 1990, said Bennett Bidwell, chairman of the Chrysler Motors unit.

"This is not simply a reaction to the current sales environment, but rather a response to market changes that have taken place over the last several years," Chairman Lee A. Iacocca said. "This will not be a one-shot deal."

The worker reduction, representing 8 percent of the salaried staff, will be achieved partly through early retirement benefits being offered to employees 55 or older. The layoffs will be completed by year's end, Mr. Iacocca said.

In addition, the automaker told leading executives meeting here that it would establish a stock-incentive program for its top 2,000 managers, who will be repaid based on the company's performance against its cost-cutting objectives.

Chrysler shares lost $1.25, to close at $24.875, on Thursday.

On Monday, Chrysler is scheduled to report its second-quarter earnings. Analysts have speculated that earnings will be up slightly from the $320.4 million, or $1.45 a share, earned in the same period last year. For the third quarter, however, there are estimates that Chrysler's earnings will fall as low as 30 cents a share from 50 cents last year.

"We're looking at getting costs out and getting ahead of the curve on this recession," said a Chrysler spokesman, Barron Bates.

The company reported profit of $1.05 billion on revenue of $35.47 billion in 1988.

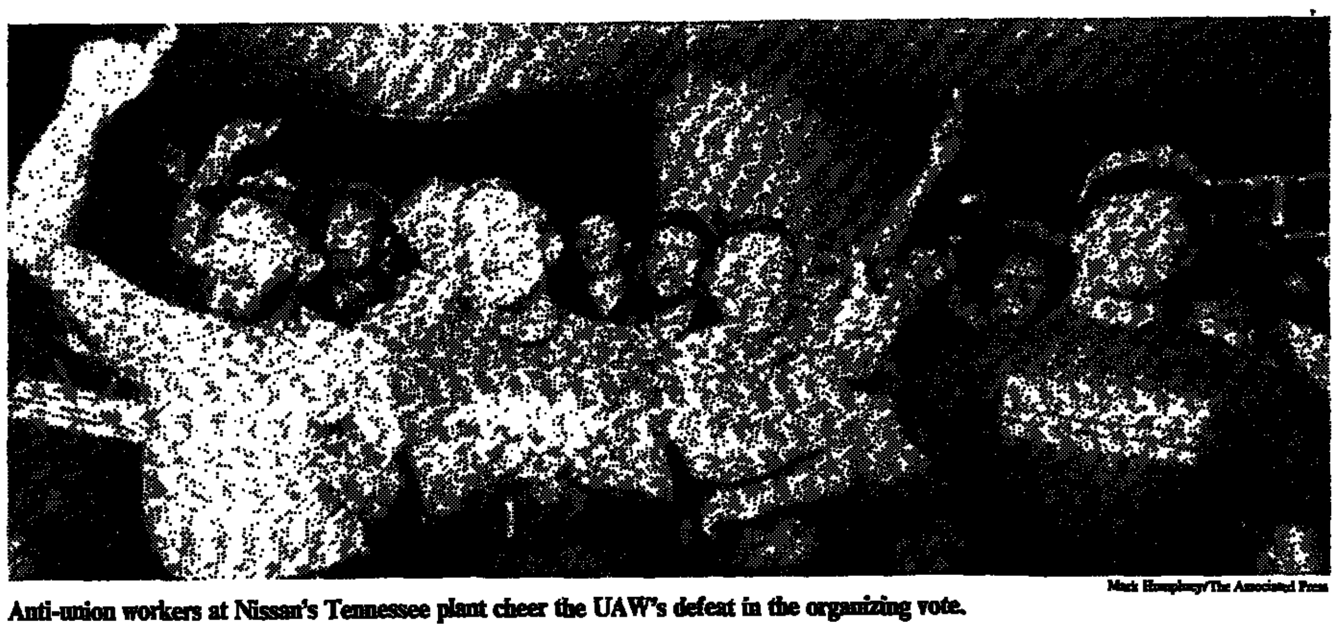
(Reuters, AP)

■ Computer Design Introduced

The New York Times reported earlier from Detroit:

Chrysler has introduced a computerized design system with the claim that it could greatly speed development from the artist's conception to a vehicle ready for mass production.

If the system performs as expected, cutting lead times by up to 30 percent, experts say it would help U.S. automakers match the three-year cycle of design to production that is prevalent in Japan.



Mark Humphrey/The Associated Press

Anti-union workers at Nissan's Tennessee plant cheer the UAW's defeat in the organizing vote.

Nissan's U.S. Workers Reject Union

Compiled by Our Staff From Dispatches

SMYRNA, Tennessee — Nissan Motor Co. employees rejected United Auto Workers representation by a 2-1 margin on Thursday, turning back a drive to make their plant the first fully Japanese-owned auto factory in the United States to unionize.

The vote by some 2,400 workers came in a government-supervised election after a 20-month campaign by the union to make Nissan the first Japanese automaker to have its U.S. workers unionized against the wishes of management. Official results released by the National Labor Relations Board showed 1,622 workers voted against union membership, with 711 in favor.

The vote was seen as a test of UAW muscle and a challenge to automakers' strategy of locating plants in the traditionally anti-union South. The union had charged that the breakneck pace of production at the six-year-old plant caused a high rate of injury.

"It looks as if the Japanese-owned plants are going to stay nonunion," said David Healey, an auto analyst with Drexel Burnham Lambert Inc. "As long as Japanese-owned plants pay the same wages as the unionized plants, the workers are not going to vote for the union."

The UAW afterward accused Nissan of misrepresentation and intimidation during the 18-month campaign. The union said company tactics included "captive audience" meetings and a barrage of antiunion videos on the plant TV system in which the automaker warned its members would lose benefits if the union won.

Jerry Benefield, president of Nissan Motor's U.S. operations, said he was elated by the victory.

"I think the results of this election are very strong support for the participatory management philosophy here at the company and we are very happy we are going to continue that," he said.

Mr. Benefield said the vote against the Detroit-based union meant the production workers would never agree to be represented by the UAW.

The union, which three years ago called off a faltering campaign to represent workers at Honda Motor Co.'s assembly plant in Ohio, had accused Nissan of indifference to worker safety and of paying wages and benefits inferior to those at plants of the major car companies.

Analysts had said the Nissan plant, in a conservative part of Tennessee near Nashville, represented the UAW's best chance to organize a Japanese-run U.S. automotive plant in which management opposed unionization.

The vote was considered a showdown of sorts for the UAW, which has suffered a 33 percent decline in membership since 1979.

The UAW already represents workers at three Japanese-managed American auto plants — the General Motors Corp.-Toyota Motor Co. joint venture in Fremont, California, the Chrysler Corp.-Mitsubishi joint venture in Illinois, and the Mazda plant in Michigan, which builds cars for Mazda and Ford Motor Co. Those facilities have close ties to Detroit's Big Three automakers, and the UAW was able to organize those plants without elections by pressuring the unionized domestic auto makers.

But the UAW has yet to crack the three major unaffiliated Japanese plants in the United States: Nissan, Toyota at Georgetown, Kentucky; and Honda at Marysville, Ohio. *(AP, Reuters)*

Slack Demand Hits Earnings at U.S. Carmakers

GM Profit Falls 3.9%

Compiled by Our Staff From Dispatches

DETROIT — General Motors Corp., the largest U.S. automaker, reported lower second-quarter earnings on Thursday, attributing the decline to lower industry volumes.

GM reported second-quarter earnings of $1.45 billion, down 3.9 percent from $1.51 billion a year earlier. Earnings per share were $2.23, down slightly from $2.26 a year ago.

"GM continues to make significant progress toward improving its fundamental earning power in an increasingly competitive automotive market," Roger B. Smith, GM's chairman, said in a statement.

GM revenue, including its three large subsidiaries, rose 1.3 percent during the quarter to $33.6 billion from $33.18 billion last year.

Major GM subsidiaries are GM Hughes Electronics Corp., Electronic Data Systems Corp. and General Motors Acceptance Corp. In the first quarter, about 40 percent of GM's profit came from its nonautomotive units.

GM declined to disclose how much it earned on its U.S. automotive operations. But analysts said it continued to operate solidly in the black despite more costly incentives, which are said to cost about $700 per vehicle.

GM's sales to its North American dealers declined 6.5 percent to 1.56 million cars and trucks from 1.67 million units a year ago. Its share of the U.S. car market was 36.5 percent during the quarter, down from 37 percent a year ago.

The automaker said its worldwide factory sales of vehicles to dealers were 2.18 million in the second quarter, down 2.9 percent.

GM said its earnings were adversely affected by reduced unit volumes and increasing selling expenses such as incentives. But it said it had strong improvements in operating performance in North America and overseas.

The company also said that its cost-cutting program yielded sav-

See GM, Page 17

Slower Sales Hurt Ford

Compiled by Our Staff From Dispatches

DETROIT — Ford Motor Co. said Thursday its earnings fell 15 percent in the second quarter because of an overall slowing in U.S. car and truck sales and the increased cost of incentive programs.

The second-largest U.S. automaker said it earned $1.41 billion, or $3 a share, during the April-June period, compared with record earnings of $1.66 billion, or $3.43 a share, a year earlier.

Ford's revenue rose to $25.9 billion, up 3.7 percent from $24.97 billion last year.

Ford said its overseas automotive operations earned $775 million during the quarter, up 7.5 percent from a year ago, while earnings of its U.S. automotive operations fell 36.8 percent to $459 million.

"Earnings declined from a year ago, primarily because of lower U.S. industry sales and associated marketing expenses and higher new-product development and plant-modernization costs," Donald Petersen, Ford's chairman, and Harold Poling, the vice chairman, said in a statement.

Ford's earnings for the first half of 1989 stood at $3.04 billion, or $6.45 a share, on revenue of $51.76 billion. That was down from profit of $3.29 billion, or $6.74 per share, on revenue of $48.15 billion during the first six months of 1988.

Earnings from the company's financial-services segment, which handles car loans and other transactions, dropped 19.9 percent during the quarter to $172.7 million.

The automaker attributed the decline to lower interest-rate margins, which were partially offset by higher financing volume.

The decline in quarterly earnings came as the automaker increased its share of the U.S. car market to 22.7 percent, up 0.8 percent from a year ago. The company's share of the truck market remained the same at 29.4 percent.

Ford turned up the heat on incentives in late March by offering increased cash rebates and low-interest financing deals for its new

See FORD, Page 17

Currency Rates

Cross Rates

July 27

	$	£	D.M.	F.F.	I.L.	Gldr.	B.F.	S.F.	Yen
Amsterdam	2.109	3.4995	1.1281	0.3331	0.1567 *	—	5.387 *	1.3101	1.515 *
Brussels(a)	39.14	64.865	20.939	6.1805	2.9071 *	18.564	—	24.229	0.2815
Frankfurt	1.8696	3.104	—	0.2953	0.1389 *	0.8866	4.776 *	1.1618	1.3435 *
London (b)	1.6575	—	3.1025	10.5033	2,226.50	3.4993	64.845	2.672	230.475
Milan	1,346.15	2,228.20	720.86	212.59	—	638.15	34.376	835.55	9.67
New York(c)	—	1.655 b	1.8775	6.3555	1,350.50	2.118	39.32	1.615	139.12
Paris	6.331	10.5165	3.387	—	0.4704 *	3.0027	0.1617	3.9343	4.554 *
Tokyo	139.35	230.97	74.60	22.02	0.1038	66.11	3.5639	86.71	—
Zurich	1.6155	2.672	0.861	0.2541	0.1196 *	0.7638	4.1214 *	—	1.1583 *
1 ECU	1.112	0.6683	2.0767	7.0347	1,495.02	2.3425	43.4824	1.7859	154.482
1 SDR	1.2831	0.773	2.3988	8.123	N.A.	2.786	50.2186	2.0657	178.857

*Closings in London, Tokyo and Zurich, fixings in other centers. New York closing rates. a: Commercial franc; b: To buy one pound; c: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	610.00	Fin. markka	4.282	Mex. peso	2523.00	S. Afr. rand	2.655
Austral. $	1.3225	Greek drac.	161.30	N. Zealand $	1.71	Soviet ruble*	0.6344
Austr. schil.	13.14	Hong Kong $	7.8055	Nig. naira*	5.2995	Span. peseta	117.15
Brazil cruz.	2.066	Indian rupee	16.43	Norw. krone	6.853	Swed. krona	6.3865
Canadian $	1.1824	Indo. rupiah	1763.00	Phil. peso	20.88	Taiwan $	25.50
Chinese yuan*	3.7221	Irish £	0.7002	Port. escudo	155.75	Thai baht	25.70
Danish krone	7.2575	Israeli shek.	1.941	Saudi riyal	3.749	Turkish lira	2131.00
Egypt. pound	2.5732	Kuwaiti dinar	0.2933	Sing. $	1.9555	UAE dirham	3.6701
		Malay. ring.	2.666	S. Kor. won	659.81	Venez. boliv.	36.88

*New York rates unless marked * (local rate.)*

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6561	1.6501	1.6430	Canadian dollar	1.1856	1.1889	1.1920
Japanese yen	138.36	137.96	137.60	Swiss franc	1.6034	1.6011	1.5990
Deutsche mark	1.8586	1.8561	1.8532				

Sources: Indosuez Bank (Brussels); Banco Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAII (dinar, riyal, dirham); Gosbank (ruble). Other data from Reuters and AP.

Interest Rates

Eurocurrency Deposits

July 27

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU	SDR
1 month	[illegible]	[illegible]	7-7⅛	[illegible]	[illegible]	[illegible]	[illegible]	8⅝
2 months	[illegible]	[illegible]	7-7⅛	[illegible]	[illegible]	[illegible]	[illegible]	8⅝
3 months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8⅝
4 months	8½-8⅝	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8⅝
1 year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8⅝

Sources: All Reuters except ECU: Lloyds Bank.
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates July 27

United States	Close	Prev.
Discount rate	7.00	7.00
Prime rate	10.50/11	10.50/11
Federal funds	8 12/16	8¾
Com paper 90-179 days	7.65	7.63
3-month Treasury bills	7.88	7.99
6-month Treasury bills	7.56	7.57
2-month CD's	8.40	8.45
3-month CD's	8.35	8.40
Japan		
Discount rate	3¼	3¼
Call money	5 3/32	5⅛
2-month interbank	5 5/16	5 5/16
3-month interbank	5 11/32	5 11/32
West Germany		
Discount rate	4½	4½
Lombard rate	7.00	7.00
Overnight rate	6.85	6.95
1-month interbank	7.00	7.10
3-month interbank	7.00	7.10
6-month interbank	7.05	n.a.
Britain		
Bank base rate	14.00	14.00
Call money	13⅞	13 15/16
3-month interbank	13⅞	13 15/16
6-month interbank	13 11/16	13⅝
France		
Intervention rate	8¾	8¾
Call money	9⅛	9.06
1-month interbank	8 15/16	9 1/16
3-month interbank	9.00	9.00
6-month interbank	9.00	9.00

Sources: Reuters, Bank of Tokyo, Commerzbank, Crédit Lyonnais.

Asian Dollar Deposits

July 27

1 month	9 - 9⅛
2 months	8⅞ - 9
3 months	[illegible]
6 months	[illegible]
1 year	8½ - 8⅝

Source: Reuters.

U.S. Money Market Funds

July 27

Merrill Lynch Ready Assets
30-day average yield: 8.97

Telerate Interest Rate Index: 8.425

Source: Merrill Lynch, Telerate.

Gold

July 27

	A.M.	P.M.	Ch'ge
Hong Kong	374.45	374.15	+ 2.30
Luxembourg	374.25	—	+ 2.50
Paris (12.5 kilo)	375.88	375.83	+ 2.57
Zurich	374.10	374.65	+ 2.10
London	374.30	374.15	+ 1.85
New York	—	375.50	+ 1.45

Luxembourg, Paris and London official fixings; Hong Kong and Zurich opening and closing prices; New York spot market close. All prices in U.S. $ per ounce.
Source: Reuters.

In Digital Audio Tape, U.S. Loses by Default

Japan and Europe Prepare to Invade American Market by Early 1990

By David E. Sanger
New York Times Service

TOKYO — When digital audio tape — the next generation of home-recording technology — makes its American debut in early 1990, it will become another example of the price the United States is paying for its retreat from the consumer-electronics industry.

[Initially, all of the machines will be imported from Japan, but the International Herald Tribune learned from Amsterdam that such European firms as Philips NV also are well advanced in the manufacturing technology and have plans for the U.S. market.]

Under an agreement reached recently and not yet announced, players using digital audio tape can be sold in the United States if they are modified to allow the taping of compact disks but to prevent subsequent copies of the digital tapes, according to experts.

While such a compromise is a big victory for consumers — who can make recordings with the distortion-free quality of compact disks — it is also brimming with uncomfortable lessons on the state of U.S. competition with Japan.

Japan's dominance in this industry has little to do with superior technology. The fundamentals of digital audio tape have not changed since the early 1980s, when Japanese makers first showed the machines at trade shows.

The problem is manufacturing.

The innards of digital audio tape machines are jammed with technologies that U.S. manufacturers abandoned, one by one, starting with the departure from the tape-recorder business 20 years ago.

"Piece by piece, you stopped working on the small technologies that add up into big ones," said a senior executive of one large Japanese electronics company, who declined to be identified. "Now a billion-dollar market is in sight, and people are starting to figure out that you pay a price for those little technologies."

The American experts who follow the field have a feeling that they have seen all this before — in videocassette recorders, fax machines and cameras.

"The U.S. has fewer and fewer markets it can afford to ignore," said John Stern, who heads a Tokyo office for the American electronics industry.

No one knows how big a loss the market for digital audio tape will prove to be for U.S. industry.

Early efforts to sell the machines in Japan have failed. Last year, only about 40,000 of the expensive players were sold. The U.S. price, however, could drop quickly if production volume mounts.

Industry executives say it is almost certainly too late for the machines to make it into U.S. stores for the Christmas shopping season this year. Most expect them to be available in the spring.

Executives of U.S. record companies initially opposed digital audio tape because they feared it would increase the pirating of copyrighted recordings. Apparently the balance was tipped in negotiations by those record manufacturers that expect to be big suppliers. CBS Records is owned by the Sony Corp. and Polygram by Philips.

Philips will not market its players for digital audio tape until enough recorded material is also on the market to supply the consumer demand, said a person speaking for the company.

This means a U.S. marketing strategy for Philips that roughly corresponds with the timetable for the Japanese firms. In addition, according to Philips, the computer chips are not yet available anywhere that will enable the manufacturers to carry out the requirements of the agreement with the U.S. record companies.

Initially, the machines will sell in the United States for $1,000 to $2,000. Blank tapes are likely to sell for $10 to $20 and prerecorded tapes for $25 or more, which is expected to restrict the market.

The origins of digital audio tape do not involve high technology, and go back to the days when the United States dominated the market for cassette tape recorders.

Many American electronics companies, faced with a make-or-buy decision to obtain the recorders inexpensively, chose to buy them from Japan. At the time, it seemed a prudent, cost-effective decision. However, ceasing to manufacture the machines also meant an end to efforts to miniaturize them.

An important element of that miniaturization was designing the kind of chips used in small recorders like Sony's popular Walkman.

By the time compact disks came out there were few U.S. consumer-electronics companies left.

SAFRA REPUBLIC HOLDINGS SA
LUXEMBOURG

CONSOLIDATED STATEMENTS OF CONDITION

(In Thousands of US$ except per share data)

Assets	June 30, 1989	1988
Cash and due from banks	51,399	50,077
Interest bearing deposits with banks	2,332,099	1,476,963
Precious metals	1,512	2,347
Investment securities	1,283,252	742,493
Trading account assets	11,985	20,749
Loans, net of unearned income	818,172	572,257
Allowance for possible loan losses	(6,078)	(5,642)
Loans (net)	812,094	566,615
Customers' liability on acceptances	165	2,970
Premises and equipment	45,229	33,921
Accrued interest receivable	93,422	40,068
Other assets	38,400	17,681
Total assets	4,669,557	2,953,884

Liabilities and Shareholders' Equity	June 30, 1989	1988
Non-interest bearing deposits	143,989	97,829
Interest bearing deposits	3,308,499	2,049,243
Total deposits	3,452,488	2,147,072
Short-term borrowings	127,504	235,442
Acceptances outstanding	165	2,970
Accrued interest payable	39,355	21,669
Other liabilities	21,244	9,542
Long-term debt	68,298	74,244
Shareholders' equity:		
Common stock, US$ 5 par value, 200,000,000 shares authorized; 17,831,012 shares outstanding in 1989 and 8,656,231 in 1988	89,155	43,281
Surplus	819,851	374,828
Retained earnings	51,497	44,836
Total shareholders' equity	960,503	462,945
Total liabilities and shareholders' equity	4,669,557	2,953,884

	Six months ended June 30, 1989	1988	First quarter 1989	Second quarter 1989
Net income	30,517	5,497	15,116	15,401
Net income per share	US$ 1.71	US$ 0.68	US$ 0.85	US$ 0.86
Average shares outstanding (in thousands)	17,831	8,098	17,831	17,831

Safra Republic Holdings S.A.
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Republic National Bank of New York (Suisse) S.A.: Head office in Geneva and branches in Lugano, Zurich and Guernsey
Republic National Bank of New York (France) S.A.: Head office and 2 branches in Paris and 1 branch in Monaco
Republic National Bank of New York (Luxembourg) S.A.: Head office in Luxembourg
Republic National Bank of New York (Guernsey) Ltd.: Head office in St. Peter Port
Republic National Bank of New York (Gibraltar) Ltd.: Head office in Gibraltar

Affiliate
Republic National Bank of New York in New York and 26 business centers around the world.

هکس امدادات

Thursday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

(Continued)

U.S. Futures

Via The Associated Press

July 27

Grains

WHEAT (CBT)
5,000 bu minimum- dollars per bushel

Season High	Season Low		Open	High	Low	Close	Chg.
4.29	3.50½	Sep	3.87¾	3.90½	3.84	3.89¼	+.01½
4.40½	3.78	Dec	4.00½	4.03	3.97	4.02½	+.01¾
4.43	3.97¾	Mar	4.04	4.07½	4.01¼	4.07½	+.02½
4.32	3.81	May	3.92	3.96	3.88	3.96	+.04
3.85	3.50½	Jul	3.58	3.63	3.57	3.63	+.03½
3.62	3.62	Sep				3.67	+.03½
		Jcl	3.58	3.63	3.57	3.63	+.03½

Est. Sales Prev. Sales 12,027
Prev. Day Open Int. 66,794 up 101

Livestock

CATTLE (CME)
40,000 lbs.- cents per lb.

Season High	Season Low		Open	High	Low	Close	Chg.
72.80	65.50	Aug	72.55	72.90	72.50	72.52	—.25
74.30	66.30	Sep				73.90	
76.10	68.20	Oct	75.55	75.70	75.32	75.45	—.32
75.10	62.50	Dec	73.70	73.92	73.65	73.77	—.35
73.65	69.80	Feb	72.55	72.75	72.45	72.55	—.12
74.75	70.80	Apr	73.67	73.80	73.50	73.55	—.20
73.25	69.75	Jun	72.40	72.40	71.87	72.05	—.30
71.75	69.50	Aug	70.75	70.75	70.00	70.50	—.30

Est. Sales 15,454 Prev. Sales 17,115
Prev. Day Open Int. 81,261 up 1,327

FEEDER CATTLE (CME)
44,000 lbs.- cents per lb.

Season High	Season Low		Open	High	Low	Close	Chg.
84.15	75.65	Aug	83.40	83.50	83.05	83.07	—.45
83.80	75.50	Sep	83.25	83.07	82.45	82.67	—.50
83.60	75.90	Oct	83.25	83.05	82.60	82.65	—.50
83.95	76.60	Nov	83.25	83.30	83.00	83.05	—.35
83.75	77.30	Jan	83.10	83.10	82.75	82.73	—.32
82.72	77.40	Mar	81.90	81.90	81.85	81.90	—.15
82.10	78.90	Apr	81.55	81.55	81.55	81.60	—.15
80.70	78.75	May	80.25	80.25	80.20	80.25	—.50

Est. Sales 1,475 Prev. Sales 1,164
Prev. Day Open Int. 13,021 off 26

Financial

US T. BILLS (IMM)
$1 million- pts of 100 pct.

Season High	Season Low		Open	High	Low	Close	Chg.
93.13	90.41	Sep	92.75	92.87	92.74	92.86	+.20
93.45	90.50	Dec	93.24	93.32	93.21	93.31	+.19
93.60	90.75	Mar	93.48	93.53	93.43	93.49	+.15
93.58	91.10	Jun	93.35	93.42	93.35	93.42	+.09
93.65	91.28	Sep				93.32	+.03

Est. Sales Prev. Sales 3,378
Prev. Day Open Int. 19,423 up 57

Stock Indexes

SP COMP. INDEX (CME)
points and cents

Season High	Season Low		Open	High	Low	Close	Chg.
341.05	271.50	Sep	341.80	344.80	341.30	344.65	+4.05
345.00	298.80	Dec	345.90	348.85	345.30	348.45	+4.00
348.50	325.80	Mar	350.40	352.50	349.30	352.40	+4.00
347.90	334.50	Jun				356.20	+3.80

Est. Sales Prev. Sales 41,337
Prev. Day Open Int. 120,329 up 177

Commodity Indexes

	Close	Previous
Moody's	1,111.30 f	1,106.50 f
Reuters	1,909.40	1,923.10
D.J. Futures	129.07	129.42
Com. Research	224.72	224.51

Moody's : base 100 : Dec. 31, 1931.
p - preliminary; f - final
Reuters : base 100 : Sep. 18, 1931.
Dow Jones : base 100 : Dec. 31, 1974.

Market Guide

CBT:	Chicago Board of Trade
CME:	Chicago Mercantile Exchange
IMM:	International Monetary Market Of Chicago Mercantile Exchange
NYCSCE:	New York Cocoa, Sugar, Coffee Exchange
NYCE:	New York Cotton Exchange
COMEX:	Commodity Exchange, New York
NYME:	New York Mercantile Exchange
KCBT:	Kansas City Board of Trade
NYFE:	New York Futures Exchange

AMEX Highs-Lows

NEW HIGHS 45

ATT Fd	AlzaCp	AmFruct A	AmFruct B
AmMaize A	AmMaize B	AmTr-ahp prm	AmerTr aho s
AmTr-atf2 sc	AmTr-arc prm	AmTr-ko prm	AmTr-ko sc
AmTr-ate prm	AmTr-ate sc	AmTr-ini prm	AmTr-mrk un
AmTr-mrk prm	AmTr-mrk sc	AmTr-mo sc	AmTr-pg prm
AmTr-pg sc	Brascan a	BrownForA	BrownForB
CaglesIn A	CandaWineA	CarnivlCru	ChiefInInt n
DevonEng n	Ducommun	EastnCo	FordCan a
ForestCty B	ForestLb	GiantFood	GrahamCp
Hormel	HouOilTr	HubelA	HubelB
ISS IntSv	JonBell s	KV Phrm	KilearnProp
KirbyExp	LazareKap	MissionRsc n	PGE 262pfS
Pantasote	Paxar s	PennTraf n	PhilLgDis
Pneu Scale	ReCapitl	SandyCp	ScurryRn
SierraHlth	ThermoPrc s	Tranznc s	TranzncB n
UnFoodsA	UnFoodsB	Viacom	Viatech
Watsco A			

NEW LOWS 15

AIM Strat n	Blount A	CaspenOil pf	GrangesInc w
HItcreInt	Hithvest	LawsonMard	LeePharm
OhioArt Co	Oppenheim	Organog	SorgInc
TCS Ent n	WellsAmer	WstDigital	

The Daily Source for International Investors.

Herald Tribune

Currency Options

July 27

PHILADELPHIA EXCHANGE

Source: AP.

Floating-Rate Notes

July 27

Dollars

Deutsche Marks

Pounds Sterling

Japanese Yen

Issuer/Mat.	Coupon	Next	Bid	Askd
Cnt 97 Yen	-		100.06	100.50
Cr Foncier Aug97 Yen	4⅞	30-08	100.10	100.60

E.C.U.

Issuer/Mat.	Coupon	Next	Bid	Askd
Belgium May 99	8.781	11-08	99.90	100.00
Roma 92 (Ecu)	8⅝	08-08	99.75	100.25
Cr Foncier 96 (Ecu)	9.175	18-10	99.95	100.20
Ireland 97 (Ecu)	9	30-10	99.80	100.05
Italy 92 Ecu	-		99.95	100.15
Pacarp 19Sept 97 Ecu	9⅛	21-09	99.25	99.75
Stockholm Perp Ecu	7⅝	-	94.00	96.00

Source : Credit Suisse-First Boston Ltd., London

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Paris Commodities

July 27

Source: Bourse de Commerce.

London Commodities

July 27

Sources: Reuters and London Petroleum Exchange.

London Metals

July 27

	Close Bid	Close Ask	Previous Bid	Previous Ask
ALUMINUM (High Grade) Dollars per metric ton				
Spot	1750.00	1751.00	1735.00	1740.00
Foward	1755.00	1756.00	1743.00	1745.00
COPPER CATHODES (High Grade) Sterling per metric ton				
Spot	1570.00	1572.00	1570.00	1572.00
Forward	1553.00	1554.00	1555.00	1556.00
LEAD Sterling per metric ton				
Spot	416.00	417.00	417.00	419.00
Forward	406.00	406.25	409.00	410.00
NICKEL Dollars per metric ton				
Spot	12800	12950	12800	12900
Forward	11925	11950	11900	11950
TIN Dollars per metric ton				
Spot	9725.00	9735.00	9715.00	9725.00
Forward	9710.00	9720.00	9700.00	9705.00
ZINC (High Grade) U.S. Dollars per metric ton				
Spot	1605.00	1610.00	1595.00	1600.00
Forward	1540.00	1545.00	1526.00	1530.00

Source: AP.

Spot Commodities

July 27

Commodity	Today	Prev.
Aluminum, lb	0.84	0.87
Coffee, lb	0.85	0.88
Copper electrolytic, lb	1.2625	1.209
Iron FOB, ton	213.00	213.00
Lead, lb	0.405	0.395
Printcloth, yd	0.50	0.50
Silver, troy oz	5.225	5.23
Steel (billets), ton	473.00	473.00
Steel (scrap), ton	110.80	110.50
Tin, lb	5.687	5.6722
Zinc, lb	0.80	0.80

Source: AP.

S&P 100 Index Options

July 27

Calls: total volume 128,437; total open int. 219,597
Puts: total volume 102,293; total put open interest: 280,482

S&P 100 Index:
High 318.09 low 313.96 close 318.09 +4.13

Source: CBOE.

Dividends

July 27

Company	Per	Amt	Pay	Rec.
DISTRIBUTION				
Enserch Expl.	Q	.07½	10-5	9-15
Flexible Bond Trust	-	.078	8-18	8-4
No European Oil	Q	.21	8-23	8-11
Standard Pacific LP	-	.45	8-29	8-15
INCREASED				
Amer Bus. Prdts	Q	.20	9-15	9-1
American Elec Pow.	Q	.60	9-8	8-10
Anheuser-Busch Cos	Q	.22	9-9	8-9
Energen Corp	Q	.22	9-1	8-15
Exxon Corp	Q	.60	9-11	8-14
First Savings Bcrp	Q	.17	8-18	8-8
Gerber Products Co	Q	.48	9-11	8-14
Halifax Engineering	S	.07	9-1	8-10
Intl Income Prop.	Q	.28	9-1	8-17
Loral Corp	Q	.20	9-15	8-28
Lukens Inc	Q	.30	8-18	8-7
Natl Medi Ent.	Q	.18	9-8	8-18
NCNB Corp	Q	.30	9-22	9-1
Regional Bancorp	Q	.14	10-13	9-15
RESUMED				
Bethlehem Steel	Q	.10	9-10	8-10
STOCK SPLIT				
Empire of Carolina Inc — 3-for-2				
Gerber Products Co — 2-for-1				
J&J Snack Foods — 2-for-1				
STOCK				
Archer-Daniels-Mid.	-	5 PC	9-25	8-28
Shopsmith Inc	-	.50 PC	9-15	8-15
USUAL				
AlaTenn Resources	Q	.27½	9-1	8-11
AmBase Corp	Q	.05	10-1	9-1
Amer Ind. Fncl	Q	.14	8-15	8-8
Amer Maize-Prod	Q	.13	9-15	9-1
Archer-Daniels-Mid.	Q	.02½	8-28	8-4
Baker Hughes Inc	Q	.11½	8-25	8-4
Cash America Inv.	Q	.02	8-23	8-9
CIGNA Corp	Q	.74	10-10	9-12
Cohu Inc	Q	.07	10-27	9-8
Du Pont Co	Q	1.05	9-12	8-15
Eaton Corp	Q	.50	8-25	8-7
Equifax Inc	Q	.21	.15	8-25
Federal-Mogul Corp	Q	.23	9-8	8-25
Fortune Financial	Q	.07½	9-1	8-11
Glenfed Inc	Q	.20	8-28	8-7
High Yield Income	M	.09¾	8-17	7-28
Houghton Mifflin Co	Q	.14½	8-25	8-9
Johnson Controls Inc	Q	.28	9-29	9-8
Joslyn Corp	Q	.47	9-15	8-25
Lake Shore Bancorp	Q	.11	9-11	8-28
Landmark Svgs Ass.	Q	.07½	8-24	8-10
Lowell Group Inc	Q	.14	9-14	8-7
MAPCO Inc	Q	.25	9-22	8-23
McGraw-Hill Inc	Q	.54	9-12	8-28
McKesson Corp	Q	.36	10-2	9-1
Media General Inc	Q	.11	9-8	8-14
Oakwood Homes Co.	Q	.02	8-25	8-11
Oneida Ltd	Q	.12	9-15	8-18
Panhandle Eastern	Q	.50	9-15	8-18
Pilgrim's Pride	Q	.01½	9-29	9-8
Primerica Corp	Q	.07	8-25	8-7
Ryan Beck & Co	Q	.14	8-17	8-4
Shaw Industries Inc	Q	.10	8-18	8-7
Squibb Corp	Q	.50	9-11	8-18
Textron Inc	Q	.35	10-1	9-15
Tribune Co	Q	.22	9-14	8-21
Union Carbide	Q	.25	9-1	8-7

a-annual; m-monthly; q-quarterly; s-semi-annual

Source: UPI.

U.S. Treasuries

July 27

	Discount Bid	Offer	Yield	Prev. Yield
3-month bill	7.89	7.91	8.19	8.31
6-month bill	7.55	7.57	7.98	8.05
1-year bill	7.27	7.29	7.83	7.93

	Bid	Offer	Yield	Prev. Yield
30-yr. bond	109 14/32	109 12/32	8.04	8.10

Source: Salomon Brothers.

DM Futures Options

W. German Mark-125,000 marks, cents per mark

July 27

Strike Price	Calls-Settle Aug	Sep	Dec	Puts-Settle Aug	Sep	Dec
51	2.36	2.48	3.01	0.02	0.15	0.53
52	1.41	1.66	2.32	0.06	0.32	0.78
53	0.59	1.03	1.71	0.24	0.65	1.15
54	0.15	0.53	1.22	0.81	1.18	1.64
55	0.04	0.26	0.86	—	1.89	2.25
56	0.01	0.12	0.59	—	2.74	2.93

Est. total vol.: 11,414
Calls: Wed. volume: 12,464; open int.: 81,819
Puts: Wed. volume: 6,614; open int.: 85,512

Source: CME.

ICI Profit Rose In 2d Quarter

The Associated Press

LONDON — Imperial Chemical Industries PLC, the British chemicals giant, said Thursday its second-quarter pretax profit rose 14 percent to £483 million ($794.5 million).

ICI's chairman, Sir Denys Henderson, said that the results "reflect the strength of ICI's portfolio as a whole. This gives me confidence about our future performance in spite of signs of slower growth in some economies."

The Daily Source for International Investors.

BUSINESS ROUNDUP

Commerzbank Profit Lower in Half

Reuters

FRANKFURT — Commerzbank AG's profit from securities trading fell and its basic banking business was flat in the first half of the year, while costs rose sharply, according to results published Thursday.

The bank said that total operating profit for the first six months of 1989 was lower than the year-earlier period because earnings from its own-account trading did not match the high level of last year.

Commerzbank gave no specific figures and did not make any distinction between group and parent total operating profit.

"Own-account trading in securities and currencies again made a positive contribution, without attaining the high level of the previous year," the bank said in a statement. "Our operating profit, which includes these profits, was thus lower than in the previous year."

Its group partial operating profit, which includes net interest and commission earnings, less operating costs, was almost flat at 520 million Deutsche marks ($276.3 million) in the first half.

The bank said spending rose strongly, in part because of new staff. "We carried out this expansion in personnel to prepare ourselves for the 1990s, when bottlenecks on the job market for qualified workers will be significantly tighter," the bank said.

Group personnel costs in the first half of 1989 were 1.03 billion DM, up from 989 million DM, which was half of the total 1988 figure. German banks often compare partial results to a proportion of prior-year figures.

Group asset spending also rose, to 405 million DM from 384 million DM in half of 1988.

Interest earnings were under pressure. Rising short-term rates raised the cost of money to the bank. But long-term rates were relatively steady, leading only slowly to higher income from longer-term customer loans.

Group interest surplus was virtually unchanged at 1.485 billion DM in the first half of 1989.

Group commission surplus rose to 555 million DM in the first half from 497 million in half of 1988.

Analysts said operating expenses were likely to continue limiting gains in Commerzbank's earnings.

"It appears Commerzbank operating costs have continued to rise, while other big banks have theirs under control," said Georg Klein-Siebenbuergen, of Bank in Liechtenstein in Frankfurt.

Brokerage Officer Quits In NatWest Scandal

Reuters

LONDON — A London investment banker resigned Thursday after being criticized by the government for his part in a share scandal involving National Westminster Bank PLC and Blue Arrow PLC.

Christopher Stainforth, director of corporate finance at UBS/Phillips & Drew, quit and an assistant director, Sandy Fraser, was suspended.

Royal to Buy An Insurance Unit in Italy

Reuters

LONDON — Royal Insurance Holdings PLC, seeking to bolster its presence in continental Europe, said Thursday its Royal Insurance International unit had agreed to buy Lloyd Italico, a general insurance business, from Italy's Fondiaria SpA.

The Fondiaria group will retain a 10 percent interest in Royal's new subsidiary.

The total cost, to be paid in four instalments over 18 months, will be about 220 billion lire ($163.8 million), the company said in a statement.

Royal said that one of its objectives is to develop its European business in countries where insurance business is expanding.

Hitachi, in Strategic Move, Gives Chip License to Goldstar

Compiled by Our Staff From Dispatches

TOKYO — Hitachi Ltd. said Thursday it has agreed to transfer semiconductor technology to Goldstar Co. in what it described as the first such collaboration between a Japanese and a South Korean company.

Hitachi agreed to license know-how and to loan engineers to help Goldstar Semiconductor Ltd., a subsidiary, set up a one-megabit dynamic random-access memory microchip line in a plant being built about 100 kilometers (about 62 miles) south of Seoul, a Hitachi spokesman said.

"Hitachi is farming out the commodities to other companies," commented Steve Myers of the Jardine Fleming brokerage. "They're refocusing their microchip capital investment on more advanced, high-margin products."

The South Korean link is the latest in a series of strategic moves by Hitachi.

Last week, it said it was buying 64-kilobit static random access memory microchips from Texas Instruments Inc. of the United States, allowing it to focus on more advanced one-megabit SRAMs. On Wednesday, Hitachi said it had joined with Hewlett-Packard Co. of the United States to develop super high-speed reduced instruction-set computer microchips, known as RISC chips.

The Goldstar deal could signal a trend, because Hitachi is the first big Japanese semiconductor maker to cap its exposure to one-megabit DRAMs, now the dominant memory chip generation, to pursue the next generation with full force, industry analysts said.

Hitachi's output will rise only slightly to nearly five million chips a month by year-end, they said.

The strategy makes sense because prices for one-megabit chips are falling rapidly and the jackpot in the chip sweepstakes goes to the leader in mass production of four-megabit DRAMs, the analysts said.

Hitachi's technology transfer to Goldstar will guarantee it a source of one-megabit supply, allowing it to satisfy the demand of its current customer base. The plant will go on line in the first quarter of 1990 and will have a capacity of several million chips a month.

Hitachi will be free to concentrate its investments on four-megabit DRAMs, expected to go into mass production next year, and on one-megabit SRAMs.

"Hitachi will contend for leadership in the four-megabit generation," said Mr. Myers of Jardine. "They're in low-volume production now and will start mass-producing sometime in the next six months when demand develops."

The deal will also help Goldstar catch up with its South Korean competitors who are rapidly maturing as players on the global semiconductor stage, the analysts said.

"For the Koreans, there's still some mileage left in one-megabit DRAMs," said Mike Jeremy, analyst at Baring Securities (Japan) Ltd.

Although demand for one-megabit DRAMs is rising, the devices used in everything electronic from cars to computers are rapidly becoming a high-volume, low-margin commodity.

Japanese firms — which dominate 90 percent of global output — are boosting production, and new South Korean, Taiwanese and U.S. plants are coming on stream, analysts said.

(Reuters, AFP)

Digital Posts Lower Profit

Reuters

NEW YORK — Digital Equipment Corp. said Thursday its net profit fell to $313.2 million in the fourth quarter of its current financial year, from $401 million a year earlier.

On a per-share basis, earning fell to $2.51 in the quarter ended July 1 from $3.08 the previous year. It said financial-year 1989 earnings were $8.45 per share, down from $9.90 per share the previous year.

For the full year, the company reported net profit of $1.1 billion, down from $1.3 billion a year earlier. Operating revenue totaled $12.7 billion, up from $11.5 billion the previous year. In explaining the results, Digital said that overseas markets were growing strongly but that U.S. economic activity remained somewhat slow.

Lebanese Arab Bank Has Its License Pulled

Reuters

PARIS — The Bank of France said in a statement Thursday that it had withdrawn the banking license of Lebanese Arab Bank, marking the third Lebanese-owned, Paris-based bank to be undercut by financial troubles.

The central bank said it had alerted the public prosecutor to certain irregularities found in the bank's accounts.

On July 18, it appointed a temporary administrator to LAB because the bank had insufficient reserves to meet commitments.

In Thursday's statement, the central bank said LAB needed more than 240 million francs ($37.6 million) to cover bad debts, but reserves stood at only 85 million francs, despite the 160 million francs of fresh capital the French banking authorities had compelled it to find since 1987.

LAB is owned 26.50 percent by the Lebanon-based Lebanese Arab Bank SAL and 23.50 percent by its Lebanese chairman, Jean Torbey.

According to the Bank of France, "the shareholders have not announced precise, definite measures to bring in new capital, reduce certain risks or help management re-establish the credibility of the bank."

An official receiver has been appointed, and a buyer could still be found for the bank. An offer has been made by a Syrian businessman to take over LAB and two other Lebanese-owned banks in Paris that are in receivership.

The businessman, Omrane Adham, has formally proposed to take over LAB, United Banking Corp. and Banque de Participations et de Placements.

He has said he would personally put up 100 million francs, with six Middle Eastern financial establishments, including central banks, finding another 200 million and the Lebanese central bank contributing half of a loan of 1.2 billion.

The other half, Mr. Adham said, could come from the French banking community, as with the rescue of Al Saudi Banque SA in October 1988, which was coordinated by the Bank of France.

But that bailout, organized under terms of the 1984 banking law, was widely criticized, not least because all French-based banks had to contribute to a fund from which non-French-based creditors benefited.

Bilbao Vizcaya Posts Higher Net Profit

Reuters

MADRID — Banco Bilbao Vizcaya, Spain's largest commercial bank, said Thursday that its net profit rose strongly in the first half of the year and that it would make a 30.3 billion peseta ($256.6 million) capital increase.

The bank said that its consolidated net profit rose to 65.5 billion pesetas in the six-month period, up from 52.4 billion a year earlier.

Maxwell Warns of TV 'War'

The Associated Press

WASHINGTON — The British media executive Robert Maxwell has urged Congress not to go to "war" with the European Community over a proposal to limit the amount of U.S. programming shown on European television.

Appearing on Wednesday before a House subcommittee that is considering a possible U.S. response if the community limits American-made programs to about half their current level, Mr. Maxwell said Europe is determined to limit U.S. imports one way or the other.

But Hollywood representatives at the hearing said they could not live with a quota system that threatens to erode the $2.5 billion trade surplus the U.S. film and television industry has overseas.

Mr. Maxwell said he was in the United States to open a dialogue with Hollywood executives to try to reach an accord, "but that dialogue cannot be no quotas."

Jack Valenti, president of the Motion Picture Association of America, said he welcomed negotiations, but if talks failed, the entertainment industry would ask Congress to "help protect a national asset."

The EC proposal is part of a plan to lower trade barriers among European nations from 1992. The proposal, "Television Without Frontiers," calls for a "majority proportion" of transmission time, "where practical," to be reserved for works of origin within the 12 EC member nations.

It would replace a patchwork of existing restrictions that range from tough mandatory quotas on European broadcasting in France, to none in Denmark and Greece.

Mr. Maxwell, who has extensive publishing and cable TV holdings in Britain, France and elsewhere, told the committee that rather than making "saber-rattling" threats of trade retaliation, the U.S. government and Hollywood producers should try to negotiate a more favorable quota system with the community.

Parretti Accused in Spain Of Illegal Money Transfers

The Associated Press

MADRID — A judge accused the Italian financier Giancarlo Parretti on Thursday of illegal currency transfers and ordered him to post five million pesetas ($42,350) in bail within 72 hours or go to jail pending trial, court sources said.

Judge Soto Vazquez accused Mr. Parretti of receiving 50 million pesetas in checks in a loan from Escala SA, a Spanish company he controls, and arranging for the money to be deposited in a bank in Andorra, the tax haven in the Pyrenees, the sources said.

If convicted, Mr. Parretti could face several years in prison and stiff fines, the sources said, adding that no trial date has been set.

Since 1987, Mr. Parretti has become a high-profile investor in Spain. He is said to control 70 percent of the real estate firm Renta Inmobiliaria and 46 percent of the Melia International hotel chain.

Mr. Parretti has been mired in controversy in recent years. He still faces charges in Italy of falsifying financial records of a newspaper company he managed there in the early 1980s.

He attracted worldwide attention earlier this year when he announced plans to spend $800 million to gain control of a number of small film-production companies in Hollywood; many of the deals fell through. Mr. Parretti controls several U.S. movie companies.

In June, the French government annulled a deal that had given Mr. Parretti effective control of Pathé Cinema through a consortium.

MERGER: *Bristol-Myers and Squibb Join Trend With a Friendly Deal*

(Continued from page 1)

to be swapped for each of the 97 million Squibb shares outstanding. That values Squibb stock at $118.20 a share, based on the trading price of Bristol-Myers. The merged company is to be called Bristol-Myers Squibb.

Bristol-Myers makes over-the-counter and prescription drugs, cosmetics and household goods. It produces Bufferin and Excedrin pain relievers, Clairol hair-care products, Windex glass cleaner and Drano drain opener. In prescription drugs, it is particularly strong in cancer treatments.

Squibb makes only pharmaceutical and medical products, and more than 40 percent of its sales are in heart drugs such as Capoten.

Robert Hanss, health-care analyst at Edward D. Jones & Co. in Maryland Heights, Missouri, near St. Louis, said competition from the Vasotec heart drug made by Merck & Co., the biggest pharmaceuticals concern, might have made Squibb seek a merger.

Nonetheless, he said he had rated both companies highly before their joint announcement on Thursday, and that he thought the deal made sense.

"There are some complementary areas," he said. "Bristol-Myers has had a bit of slowing, particularly in antibiotics, and Squibb has good interest with heart-related drugs."

For shareholders in Squibb, which has a promising antibiotic called Azactam, "the biggest benefit would be Bristol-Myers's over-the-counter drugs."

Richard M. Furlaud, the Squibb chairman, told analysts in New York that Bristol-Myers's marketing force was one inducement for the deal.

The combined company would have annual revenue exceeding $8.6 billion. Bristol-Myers directors will control 60 percent of the board of the new company. Its stock-market value would be more than $25 billion.

Squibb will retain its identity and operations and continue to market products under its name and trademarks.

Bristol-Myers has an option to acquire nearly 20 percent of Squibb's shares at $123.90 each. Such lock-up options often are used to discourage competing bidders.

The companies also entered into separate five-year pacts giving each the right to co-promote the other's pharmaceutical products for an annual fee of 8 percent of the other's annual drug sales.

The deal comes at a time of consolidation in the drug industry and increased interest in friendly mergers through stock swaps.

The Delaware Supreme Court on Monday said Time could buy Warner for $14 billion. Paramount Communications Inc. had been trying to buy Time for $12.2 billion. It contended Time put itself up for sale in its original March agreement to merge with Warner.

A three-judge panel apparently was swayed by Time's assertion that it should be allowed to proceed with its long-term plans even if a hostile bid offered more money to its shareholders in the short run.

Mr. Hanss said long-term planning likely was the key to the pact between Squibb and Bristol-Myers: "It is part of a consolidation, which I think is necessary in the drug industry. If you can really combine research pipelines, then I think there is a reason for a merger."

Arbitragers and Mr. Hanss noted that the drug industry consolidation was apparent last week, when Dow Chemical Co. said it would acquire a majority stake in Marion Laboratories Inc.

Other recent combinations in the pharmaceutical industry have included the American Home Products Corp. acquisition of A.H. Robins Co., which was reorganizing under federal bankruptcy laws, and Eastman Kodak Co.'s purchase of Sterling Drug Inc.

Nestlé's Sales Increased 35% In 1st Half

Compiled by Our Staff From Dispatches

VEVEY, Switzerland — Nestlé SA, the Swiss-based agrofood group, said Thursday that sales in the first half rose 35.4 percent and it expected earnings for the full year to rise about 15 percent.

Nestlé had consolidated sales of 23.6 billion Swiss francs ($14.6 billion) in the half, up from 17.4 billion francs in the year-earlier period. Sales would have risen 19.4 percent if acquisitions of the British confectioner Rowntree PLC and the Italian pasta-maker Buitoni Perugina, plus certain divestments, were excluded, officials said.

Nestlé officials said the underlying growth was due both to strong fundamentals and to gains on currency transactions. They said sales growth was particularly strong in Europe and Latin America.

Last year the group earned 2.038 billion Swiss francs on sales of 40.685 billion francs.

Group sales growth is expected to slow in the second half, it said, adding it expected consolidated sales to grow around 15 percent for the year as a whole. Barring any unforeseen events, the company expects consolidated net profit to improve at about the same rate, it said. *(Reuters, AFP)*

ADVERTISEMENT

ASAHI OPTICAL CO., LTD.
(CDRs)

The undersigned announces that as from August 8,1989 at Kas-Associatie N.V., Spuistraat 172, Amsterdam, div. cp. no. 24 (accompanied by an "affidavit") of the CDRs Asahi Optical Co., Ltd. will be payable with Dfls. 3,85 per CDR, repr. 100 shs. and with Dfls. 38,50 net per CDR., repr. 1.000 shs. (div. per rec-date 31.03.89; gross Yen 3, p. sh.) Yen 45,— = Dfls. 0,67 per CDR, repr. 100 shs., Yen 450,— = Dfls. 6,70 per CDR, repr. 1.000 shs. Without an Affidavit 20% Jap. tax = Yen 60,— = Dfls. 0,90 per CDR, repr. 100 shs., Yen 600,— = Dfls. 9,— per CDR, repr. 1.000 shs. will be deducted. After 31.10.89 the div. will only be paid under deduction of 20% Jap. tax with resp. 100 and 1.000 shs. each, in accordance with the Japanese tax regulations.

AMSTERDAM DEPOSITARY COMPANY N.V.

Amsterdam, July 26, 1989.

TRANSPACIFIC FUND S.A.
Société Anonyme
Siège social : Luxembourg 14, rue Aldringen
Registre de Commerce : Section B n° 8576

DIVIDEND ANNOUNCEMENT

The shareholders are hereby informed that the Annual General Meeting of July 25th, 1989 has approved the payment of a dividend of:

JPY 150 per share

the shares are coted ex-dividend as from July 26th, 1989 and the dividend will be payable as from July 26th, 1989 against presentation of coupon n° 18 at the following banks:

— Banque de Neuflize, Schlumberger, Mallet & Co., 3, avenue Hoche, 75008 Paris.

— Bank Mees and Hope N.V., 548, Herengracht, Amsterdam C.

— Banque Générale du Luxembourg S.A., 14, rue Aldringen, Luxembourg.

— Société Bancaire Julius Baer, 2, boulevard du Théâtre, Genève.

— Algemene Bank, Nederland N.V., Nederland N.V., 32, Vijzelstraat, Amsterdam.

The Board of Directors.

ADVERTISEMENT

INTERNATIONAL FUNDS — July 27, 1989

Quotations supplied by funds listed. Net asset value quotations are supplied by the Funds listed with the exception of some quotes based on issue price. The marginal symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (b) - bi-monthly; (r) - regularly; (t) - twice weekly; (m) - monthly.

Fund	Cur.	Price
AL-MAL GROUP		
(w) Al-Mal Trust, S.A.	$	295.61
(r) Managed Currency	$	989.18
(w) Equity	$	962.85
(w) Bond	$	972.96
ALPHA ASSET MANAGEMENT LTD.		
(m) Alpha Global Fund	$	483.99
(m) Alpha Arbitrage Fund	$	257.04
(m) Alpha Hedge Fund	$	318.58
(w) Nicholas-Applegate Aurelia	$	129.04
BANK JULIUS BAER & CO. Ltd.		
(d) Baerbond	SF	948.00
(d) Conbar	SF	1856.00
(d) Equibaer America	$	1713.00
(d) Equibaer Europe	SF	1637.00*
(d) Equibaer Pacific	SF	1666.00*
(d) Stockbar	SF	2273.00
(d) SFR-BAER	SF	985.00*
(d) Swissbar	SF	2522.00
BAII MULTICURRENCY		
(r) Multicurrency US$	$	1,346.24
(r) Multicurrency Ecu	ECU	1,369.16
(r) Multicurrency Yen	Y	251,782.08
(r) Multicurrency FFR	FF	11,483137
BNP INTERFUNDS		
(w) Interbond Fund	$	193.12
(w) Intercurrency US$	$	10.79
(w) Intercurrency DM	DM	30.52
(w) Intercurrency Sterling	£	18.60
(w) Intercurrency Managed	$	10.61
(w) Interequity French Offer	$	14.65
(w) Interequity Pacific Offer	$	19.55
(w) Interequity N. Amer. Offer	$	12.45
(w) Interequity European Class	$	9.28
(w) Interequity Australia Cls	$	9.96
(w) Interlux Capital Belgian	LF	57,349.00
(w) Interlux Cap.Fr Securite	FF	11,446.70
(w) Interlux Capital FFr	FF	13,371.98
(w) Interlux Cap.France Cap.	FF	11,208.05
(w) Interlux Cap. LUF/BEF	LF	68,737.00
(w) Interlux Capital ECU	ECU	1,206.21
BANQUE BELGE ASSET MGMT FUND		
Share Distributor Guernsey 0481 26614		
(w) Int'l Equity Fund (Sicav)	$	11.93
(w) Int'l Bond Fund (Sicav)	$	10.40
BANQUE INDOSUEZ		
(w) Asian Growth Fund	$	30.50
(w) Asian Income Fund	$	9.28*
(w) Diverbond	SF	84.95
(w) FIF-Internat. Div.A	$	18.28
(w) FIF-Internat. Div.B	$	19.00
(w) FIF Internat.America	$	15.71
(w) FIF Internat.Pacific	$	44.59
(w) FIF Internat.Europe	$	28.45
(w) FIF Internat.Japan	Y	1,256.00
(w) FIF Int. Nat. Res. A	$	11.21
(w) FIF Int. Nat. Res. B	$	11.11
(w) France Blue chips No 1	FF	118,111.80
(w) Indosuez Multibonds Div.A	$	132.06
(w) Indosuez Multibonds Div.B	$	279.08
(d) France International	FF	101.90
(w) Indosuez Multibonds US$	$	110.10
(w) Indosuez Multibonds YEN	Y	9,890.00
(w) Indosuez Multibonds DM	DM	103.88
(w) IPNA-3	$	1120.80
(w) Malacca Fund	$	11.59
(w) The Siam Fund	$	17.97
(w) Pacific Gold Fund	$	12.41
BANQUE PRIVEE E. DE ROTHSCHILD		
(w) Daiwa Lcd Equity	$	1025.49
(w) Daiwa Lcd Int. Bond	$	1030.41
(w) Ecu D'Or	ECU	94.84
(w) Hispano Int'l Fund	ECU	10.10
(b) Pri-Tech	$	1210.74
(b) Source Sicav	$	11.28
BANQUE E. DE ROTHSCHILD LUX. SA		
(b) Cursitor BP Fixed Inc.Fund	DM	125.20
(b) Cursitor BP General Fund	DM	146.00
(b) Eagle Fund	LF	10322.00
(b) Europe Japan Fund	$	10.13
(b) Governm. Sec. Fund*	$	75.69
(w) Leicom	$	2652.96
(b) Opportunities Fund	$	868.07
(b) Prifirst	$	521.35
(w) Prirep fund	DM	50.11
(w) Rente Plus	BF	5847.00
(f) Select. Horizon Dev.	FF	33302.55
(f) Select. Horizon FF	FF	56561.66
(b) Star Conv.Fund FL	FL	10019.70
(b) Star Conv.Fund USD	$	102.95
BANQUE SCANDINAVE EN SUISSE-GENEVA		
(w) BSS Bond Fund	SF	81.95*
(w) BSS Intelsec	SF	1858.76
(w) BSS Int'l Bond	$	1.22*
(w) BSS Int'l Equity	$	2.105
B.F.A.C.M.		
(w) Ecu Multiplacement	ECU	1170.56
BROADGATE INTERNATIONAL FUND		
(d) $ Money Market	$	72.23
(d) Non-$ Money Market	DM	[illegible]
(w) $ Bond	$	13.17
(w) Non-$ Bond	DM	31.39
(w) Global Equity	$	14.47
(d) Global Bond	$	13.33
(w) Global Bond & Equity	$	14.33
(w) Prec. Mets/Min. Secs	$	6.66
B.W MANAGED ASSETS CY. SICAV		
(l) Global Bond Fund	ECU	10.91
(l) European Securities Fund	ECU	13.04
(l) French Securities Fund	FF	126.34
(l) North American Secu.Fund	$	11.28
(l) Pacific Basin Secu. Fund	$	9.57
CAISSE CENTRALE DES BANQUES POP.		
(d) Fructilux-Obl.FSES	FF	5,710.56
(d) Fructilux-Obl.Euro	ECU	1,054.71
(d) Fructilux-Act.Fses	FF	7,222.74
(d) Fructilux-Act.Euro	ECU	1,222.29
(d) Fructilux-Tresorier	FF	5,678.17
CALLANDER		
(w) Callander Emer. Gr.	$	113.15
(w) Callander Fund-Asset	$	106.23
(w) Callander Fund-Span.	Ptas	10.567
CAPITAL INTERNATIONAL		
(w) Capital Int'l Fund	$	91.24*
(w) Capital Italia S.A.	$	34.18
CDC INTERNATIONAL		
(w) CFI Court Terme	FF	115753.92
(w) CFI Long Terme	FF	1149984.43
CIC GROUP		
(d) Oblicic Monetaire	FF	11291.72
(d) Oblicic Court Terme	FF	11655.28
CITICORP INVESTMENT BANK (Lux.)		
POB 1373 Luxembourg Tel. 477.95.71		
(d) Citicur USD Portofolios	$	1298.72
(d) Citinvest Ecu Income	ECU	1305.71
(d) Citinvest Manag. Growth	$	1181.99
(d) Citi.Mana.Growth Euro	ECU	1038.56
(d) Citinvest Profit Sharing	$	[illegible]
(d) Citinvest Selector	$	91.348
(d) Citinvest Guardian $	$	1061.99
(d) Citinvest Guard. Euro	ECU	1064.63
(d) Citiport N.A Equity	$	139.41
(d) Citiport Jap. Equity	Yen	11449.00
(d) Citiport UK Equity	£	122.25
(d) Citiport S.Asian Eq.	$	130.42
(d) Citiport Cont.Euro. Eq.	ECU	132.67
(d) Citiport N.A.$ Bond	$	111.49
(d) Citiport Euro Bond	ECU	103.51
(d) Citiport AS.Pac.Bd.	YEN	10513.00
CITITRUST		
(w) US.$ Equities	$	215.18998
(w) US.$ Bonds	$	11.97397
(w) US.$ Money Market	$	12.37877
(w) Global Equities	$	9.50000
(w) Global Money Market	$	11.30000
(w) Global Bonds	$	11.43000
CCF - GAMMA		
(w) CM Inv.Ser.Fds-Actibonds	$	36.34
(w) CM Inv.Ser.Fds-Glbl.Grth	$	11.34
(w) CM North Amer Grth	$	9.09
(w) Elysees Court Terme	FF	58,137.06
(w) Elysees Long Terme	FF	54,518.49
(w) Elysees Monetaire	FF	59,016.73
(w) Elysees Multibonds Fd	£	106.74
(w) EMF D-Mark (A&B)	DM	1,015.65
(w) EMF Ecu (A & B)	ECU	1,022.01
(w) EMF US Dollar (A & B)	$	1,088.43
(w) EMF Yen (A & B)	YEN	100,608.00
(d) Europe Prestige Fund A	ECU	10.94
(d) Europe Prestige Fund B	ECU	11.51
(w) European Smlr Cos. Fd.A	ecu	13.57
(w) European Smlr Comp.Fd.B	ecu	13.57
CODEVALOR SICAV		
(w) C.Rendement Fr.Suisse	SF	1909.31
(w) C.Rendement US$	$	1423.31
(w) C.Croissance Dollar	$	1509.59
(w) C.Croissance Zone Sterling	£	973.00
(w) C.Croissance Fr.Suisse	SF	2083.71
COMPASS INTL HOLDINGS Ltd.		
POB 455, Jersey 0534 27267		
(w) Bond: Dollar Medium Term	$	11.15
(w) Bond: Ecu Multicurrency	ECU	10.43
(w) Equity: United Kingdom	£	11.88
CREDIT SUISSE (ISSUE PRICES)		
(d) CSF Bonds	SF	82.25
(d) Bond Valor Swf	SF	104.50
(d) Bond Valor US-DOLLAR	$	126.70
(d) Bond Valor D-mark	DM	114.99
(d) Bond Valor Yen	Y	10,999.00
(d) Bond Vaor £ Sterling	£	100.62
(d) Convert Valor Swf	SF	156.85
(d) Convert Valor US-DOLLR	$	178.97
(d) CSF International	SF	142.00
(d) Actions Suisses	SF	627.75
(d) Europa-Valor	SF	223.00
(d) Energie-Valor	SF	157.00
(d) Canasec	SF	638.00
(d) Ussec	SF	784.00
(d) Pacific-Valor	SF	233.00
(d) CS Gold Valor	$	154.79
(d) CS Ecu Bond A	ECU	102.76
(d) CS Ecu Bond B	ECU	117.23
(d) CS Europa Bond 'A'	DM	253.55
(d) CS Europa Bond 'B'	DM	253.55
(d) CS Gulden Bond A	FL	108.47
(d) CS Gulden Bond B	FL	111.74
(d) CS Prime Bond 'A'	DM	97.86
(d) CS Prime Bond 'B'	DM	103.42
(d) CS Short-T. Bd DM A	DM	100.68
(d) CS Short-T. Bd DM B	DM	111.18
(d) CS Short-T. Bd $ A	$	101.60
(d) CS Short-T. Bd $ B	$	114.94
(d) CS Money Market Fund	$	1410.86
(d) CS Money Market Fund	DM	1224.60
(d) CS Money Market Fund	£	1481.94
(d) CS Money Market Fd Yen	Y	115,315.00
DIT INVESTMENT FFM		
+(d) Concentra	DM	43.72
+(d) Int'l Rentenfond	DM	79.96
DREXEL BURNHAM LAMBERT INC		
Winchester House, 77 London Wall		
LONDON EC2 (01 9209797)		
(w) Finsbury Group Ltd	$	162.49
(w) Winchester Capital	$	107.37
(w) Winchester Holdings	FF	142.42
(w) Winchester Holdings	$	14.86
(w) Winc.Holdings Ltd.E.B.S	ECU	1171.74
(w) Winc.Reserves.E.B.S	ECU	1125.41
(w) Winc.Reserv.MultiGvBd.	ECU	11.61
(w) Worldwide Securities	$	33.86
(w) Worldwide Special	$	787.45
(m) Winch Fut.Diversified	$	17.06
(m) Winch Fut.Orion Series	$	21.05
(m) Winchester Frontier	$	194.89
(m) Winchester Recovery Ltd	$	91.75
EBC TRUST CO.(JERSEY) LTD.		
1-3 Sele St.,St. Helier:0534-36331		
EBC AMRO TRADED CURRENCY FUND.		
@(d)Inc.: Bid $ 13.67 Offer	$	14.090
@(d)Cap.: Bid $ 19.49 Offer	$	20.093
INTERNATIONAL INCOME FUND		
(d) Short Term 'A' (Accum)	$	1.1035
(d) Short Term 'A' (Distr)	$	0.7189
(d) Short Term 'B' (Accum)	$	1.3745
(d) Short Term 'B' (Distr)	$	0.9796
(w) Long Term	$	30.4601
ELDERS SECURITIES INC.		
W. Rafter, (212) 573-0440		
(d) EFF	$	332.19
(d) ESP	$	151.59
(d) EMR	$	102.15
ELDERS SWITZ.(038) 24 79 79		
(w) Elders Int Bid SF 106.75 Offer	SF	113.00
(w) Elders Aus Bid AS 93.90 Offer	AS	99.80
EQUIFLEX LIMITED		
(w) Europe A	FL	11.76
(w) Global A	FL	12.13
(w) North America A	FL	10.45
(w) UK Equities	£	11.16
(w) UK Small Co.	£	11.01
EURO PACIFIC ADVISERS Ltd.		
(w) Comete	$	763.70
(w) Meteore	Y	123,227.00
(w) Pacific Horizon Invt. Fd	$	1791.86
F&C MGMT. LTD. INV. ADVISERS		
1, Laurence Pounty Hill, EC4. 01-623-4680		
(w) F&C Atlantic	$	28.76
(w) F&C European	$	38.05
(w) F&C Oriental	$	87.29
(w) F&C N. American M C Fd	$	9.47
(w) F&C Nordic Fund	$	12.42
FIDELITY INT'L INV. MGMT (LUX.) S.A.		
(d) New Europe Fund	$	10.45
(d) Fidelity Conv. Sec. Portf.	$	10.14
FIDELITY POB 670, Hamilton Bermuda		
(m) Fid. Amer. Val.II Com.	$	114.19
(m) Fid. Amr.Val.II Cum.Pref.	$	102.88
(m) Fid. Amer. Val.III Com.	$	39.88
(m) Fid. Amr.Val.III Cum Pref.	$	102.17
(d) Fidelity Amer. Assets	$	130.02*
(d) Fidelity Australia Fund	$	15.85
(d) Fidelity Dir. Svgs.Tr.	$	163.83
(d) Fidelity Pacific Fund	$	318.92
FIDELITY INT'L SERVICE (LUX.)		
(d) Balanced Portfolio-hedged	$	10.88
(d) Balanced Portfolio-unhedg	$	11.33
(d) Fidelity Discovery Fund	$	17.30
(d) Fidelity Far East Fund	$	63.52*
(d) Fidelity Frontier Fund	$	22.12
(d) Fidelity Global Ind. Fd	$	13.13
(d) Fidelity Global Selct Fd	$	12.69
(d) Fidelity Int'l. Fund	$	72.84
(d) Fidelity Orient Fund	$	[illegible]
(d) Fidelity Sect. Growth Fd.	$	33.51
(d) Fidelity World Fund	$	48.21
FIDELITY INT'L (CI) LTD.		
FIDELITY PERFORM PORTFOLIOS LTD.		
(d) American Portfolio	$	1.04*
(d) European Portfolio	$	1.40*
(d) Japan Portfolio	$	1.34*
(d) South East Asian Portfolio	$	0.97*
(d) U.K. Portfolio	$	1.14*
(d) Intl. Bond Portfolio	$	0.95*
(d) Sterling Liquidity Pfl.	£	10.21*
(d) Dollar Liquidity Portfolio	$	10.14*
FINAFUTURES (BVI) Ltd		
(d) Portofolio Fund-series 1	$	0.9879
FOKUS BANK A.S. 472 428 555		
(w) Scanfonds int'l growth fd	$	1.59
FORBES POB 887 GRAND CAYMAN		
London Agent 01-839-3013		
(w) Forbes High Inc. Gilt Fd	£	47.18
(w) Gold Income	$	4.04
(w) Gold Appreciation	$	4.83
GAIA CURRENCY HEDGE FUNDS		
(w) Gaia Hedge I $ 92.62 Red	$	89.57
(w) Gaia Hedge II $ 136.81 Red	$	133.09
GAM ANLAGEFONDS AG.		
POB 164, 8034 Zurich Tel.41-1-2514849		
(w) GAM (CH) America	SF	1252.00
(w) GAM (CH) Mondial	SF	1397.00
(w) GAM (CH) Pacific	SF	1564.00
GARTMORE FUND MANAGERS INT.		
3,L.Mottie Street, JERSEY 0534 27301		
CAPITAL STRATEGY FD. LTD.		
(d) Sterling Deposit	£	1.022
(d) US$ Deposit	$	1.035
(d) DM Deposit	DM	5.112
(d) Yen Deposit	Y	507.50
(d) Sw. Fr. Deposit	SF	5.118
(d) Austr.Dollar Dep. fd	AS	1.043
(d) French Franc Deposit fd	FF	[illegible]
(d) N. American	$	1.64
(d) Japan	Y	489.00
(d) Pacific Basin	Y	311.00
(d) International growth	$	2.88
(d) British	£	2.27
(d) Sterling Gilt	£	1.07
(d) International Bond	$	1.22
(d) Yen Convertible bond	Y	[illegible]
(d) German fund	DM	5.79
(d) E.C.U. Fund	ECU	0.99
(d) Australasian fund	AS	[illegible]
(d) Canadian fund	Can$	0.97
(d) Emerging Markets Fund	£	1.21
(d) Global Resources Fund	$	[illegible]
GEFINOR FUNDS		
London:01-4994171, Geneva:41-22355530		
(w) East Investment Fund	$	385.47
(w) Scottish World Fund	£	205.899
(w) State St. American	$	298.8555
GENERALE BANK		
(see also Interselex Group)		
(d) Rentinvest	$	27.30*
(d) Capital Rentinvest	$	101.15
(d) Rentinvest Distr.	LF	10,082.00
(d) Rentinvest Cap.	LF	10,583.00
GLOBAL ASSET MANAGEMENT CORP.		
11 Athol St,Douglas,I. of Man,44-624-26037		
(w) Futurgam S.A.	$	159.75
(w) GAM Arbitrage Inc	$	243.64
(w) GAMerica Inc	$	246.50
(w) GAM Australia Inc.	$	131.43
(w) GAM Asian Inc	$	141.01*
(w) GAM Boston Inc	$	174.30
(w) GAM Ermitage	$	27.29
(w) GAM European Inc.	$	107.86
(w) GAM Franc-Val Inc.	SF	250.70
(w) GAM France Inc	FF	1421.76
(w) GAM Global Fund	$	120.40
(w) GAM High Yield Inc.	$	109.73
(w) GAM Hong Kong Inc.	$	182.68*
(w) GAM International Inc.	$	159.63
(w) GAM Japan Inc.	$	392.57
(w) GAM Money Mkts. Fund	$	100.50*
(w) GAM Money Mkts. Fund	£	100.83
(w) GAM Money Mkts. Fund	SF	100.37
(w) GAM Money Mkts. Fund	DM	100.39*
(w) GAM Money Mkts. Fund	Y	10,023.00*
(w) GAM Pacific Basin Fund	$	116.66
(w) GAM Pacific Inc	$	456.56
(w) GAM Restr. Fd. Inc.	$	164.83*
(w) GAM Singapore/Malay Inc.	$	195.46
(w) GAM Swiss Fr Spec Bond Fd	SF	99.86
(w) GAM Value Inc.	$	105.20
(w) GAM Worldwide Inc	$	443.92
(w) GAM Tyche S.A. Class A	$	177.78
(w) GAM U.S. Inc.	$	148.34
(w) GAM Whitehorn Fund Inc.	$	131.64
(w) GAM ut Inc.	$	249.34
(w) GSAM Composite Inc.	$	220.74*
(w) GSAM Int. Inc.U.S Ord.	$	110.58*
(w) GSAM Int. Inc.U.S Spe.	$	123.77*
(w) GSAM Interest Inc.	SF	95.77*
(w) GSAM Interest Inc.	£	100.51*
(w) GSAM Interest Inc.	DM	94.54
(w) GSAM Interest Inc.	Y	11,874008*
G.T. MANAGEMENT PLC		
(r) G.T. Applied Science	$	13.86
(d) G.T. ASEAN Fund	$	43.12
(d) G.T. Asia Fund	$	12.89*
(d) G.T. Australia Fund	$	29.28*
(d) G.T. Berry Japan Fund	$	24.64
(w) G.T.Biotechn./Health Fund	$	8.74
(d) G.T. Bond Fund	$	14.73*
(d) G.T. Britain Fund	£	8.74
(d) G.T. Deutschland Fund	$	11.22
(d) G.T. Dollar Fund	$	20.79*
(d) G.T. Europe Fund	$	29.51
(w) G.T. Euro. Small Cos. Fund	$	15.05
(w) G.T.Global Small Cos.Fund	$	30.23
(w) G.T.Global Technology Fd	$	15.05*
(d) G.T. Hong Kong Fund	$	22.76*
(d) G.T. Honshu Pathfinder	$	10.15
(d) G.T. Investment Fund	$	11.05
(w) G.T. Japan Sml Co.Fd	$	10.51*
(w) G.T. Nat Res. Fd Gold Class	$	6.60
(d) G.T. Newly Ind. Countr. Fd	$	28.78
(d) G.T. Select Dollar Bd Pfl	$	9.53
(d) G.T. Select Int Bd Pfl.	$	9.86*
(d) G.T. Select Gilt Pfl.	£	8.66*
(r) G.T. Technology Fund	$	31.88
(d) G.T. U.K. Small Companies	£	10.69
(d) G.T. Univ.Growth Fund	$	10.18
(d) G.T. U.S. Small Companies	$	12.55
HILL SAMUEL INVEST. MGMT. INTL. S.A.		
Jersey, P.O. Box 63, Tel 0534 76029		
Berne, P.O. Box 2622, Tel 4131 224051		
(d) Crossbow (Far East)	SF	17.87
(d) CSF (Balanced)	SF	37.84
(d) European Equity Fund	DM	17.91
(d) Intnl. Bond Fund	$	12.98
(d) Intl. Currency U.S.Manag'd	$	26.23
(d) ITF Fd (Technology)	$	20.32
(d) O'Seas Fd (N. AMERICA)	$	49.40
(d) Int. Currency U.S.	$	32.31
IAM, 2 Bd. Royal LUXEMBOURG		
(d) Iam Flagship Fund	ECU	84.01
(w) Iam Bonds Fund-France	FF	524.17
(w) Iam Bonds Fund-Deutschl	DM	213.69
(w) Iam Bonds Fund-Japan	Y	10,948.00
(w) Iam Bonds Fund-Switz.	FS	208.51
(w) Iam Bonds Fund-U.S.A	$	109.29
(w) Iam Bonds Fund-Europe	ECU	109.70
(w) Iam Bonds Fund-Netherl.	FL	112.86
(w) Iam Europe global	ECU	213.99
(w) Iam Europe luxe	ECU	101.20
(w) Iam Europe 90/10	ECU	102.03
(w) Iam Europe 1992	ECU	103.02
(w) Iam Europe du Sud	ECU	102.46
INTERSELEX GROUP		
(d) Int.America Fund	$	16.37
(d) Int.Belgo Fund	LF	3183.00
(d) Int.Europa Sicav	LF	4715.00
(d) Int.Pacific Fund	$	1304.87*
(d) Int.World Fund	$	99.29*
ISLAMIC MGMT FUND LTD	$	1002.65
CSFB Fund Mgmt Ltd (0481-713996)		
PB122 St. Peter Port,Guernsey		
JARDINE FLEMING, GPO Box 11448 Hg Kg		
(d) J.F Japan Trust	Y	16,842.00
(d) J.F Pacific Sec. Trust	$	27.55
(d) J.F Pacific Income Trust	$	89.71
(d) J.F Hong Kong Trust	$	58.14
(d) J.F European	$	18.71
(d) J.F International	$	13.84
(d) J.F Gib Convertibles Trust	$	11.99
LLOYDS BANK PLC POB 438, Geneva 11		
Mrs. C. Bertoletti,(22) 208611/ext. 2222.		
+(w)Lloyds Int'l Dollar	$	114.08
+(w)Lloyds Int'l Europe	SF	185.60
+(w)Lloyds Int'l Growth	SF	236.10
+(w)Lloyds Int'l Income	SF	286.50
+(w)Lloyds Int'l N. America	$	153.40*
+(w)Lloyds Int'l Pacific	SF	244.00
+(w)Lloyds Int'l. Smaller Cos	$	17.91
MAN INTERNATIONAL FUTURES		
(m) Alubol Mint Gtd.Fund.Ltd.	$	N/C
(m) Mint Limited - Ordinary	$	39.34
(m) Mint Limited - Income	$	14.60
(m) Mint Gtd Ltd - Spec Issue	$	20.79
(m) Mint Gtd Ltd - Series A	$	29.27
(m) Mint Gtd Ltd - Nov 1993	$	18.51
(m) Mint Gtd Ltd - Jan 1994	$	14.75
(m) Mint Gtd Ltd - Dec 1994	$	13.85
(m) Mint Gtd Ltd - Aug 1995	$	10.69
(m) Fame Mint Gtd Plc	$	113.32
(m) Mint Sp Res Ltd (BNP)	$	103.17
(m) Newcastle Guaranteed Ltd	$	10.91
MAGNUM FUTURES FUND LTD.		
(m) Sterling Class	£	4.86
(m) U.S Dollar Class	$	9.49
MERRILL LYNCH		
(d) Dollar Assets Portfolio	$	1.00
(d) First Convertible Sec. Fd	$	11.92
(d) Global equity Portfolio	$	10.45
(d) Iberia portfolio	$	11.14
(d) Multi-Curr. Bond Portfolio	$	13.56
(d) U.S.A Income Portfolio	$	9.43
(d) US Federal Securities	$	9.94
(d) World Nat Res Pfl. Share A	$	10.67
(d) World Nat Res Pfl. Share B	$	10.62
GLOBAL CURRENCY PORTFOLIOS		
(d) Australian Dollar Pfl.	$	10.56
(d) Deutschmark Portfolio	DM	10.26
(d) Pound Sterling Portfolion	£	10.43
(d) US Dollar Portfolion	$	10.70
(d) Yen Portfolio	Y	1011.00
MIM BRITANNIA,POB 271,St. Helier, Jersey		
(d) Int.High Income	$	2.506
(d) Dollar Man.Curr	$	14.63*
(d) Dollar Man. Port	$	2.182*
(d) Sterling Man.Port	£	1.889*
(d) Pioneer Markets	$	2.774*
(d) U.K. Growth	£	1.123
(d) Amer. Inc. & Growth	$	1.380*
(d) Gold & Prec. Metals	$	6.982
(d) Sterling Man. Curr.	£	17.58
(d) Japan Dollar Perf. Fd	$	4.229
(d) Jersey Gilt	£	0.9900
(d) Okasan Global Strat	$	17.32
(d) Asia Super Growth Fund	$	12.39
MIMAREN		
(w) Class A	$	144.44
NMB BANK,PO 1800,1000 BV Amsterdam		
(w) The Brazil Fund	$	2.236
(w) NMB Dutch Fund	FL	38.20
NOMURA INVEST BANKING (MID) E.C.		
(d) Nomura Gulf Fund	$	18.11
OBLIFLEX LIMITED		
(w) Multicurrency	$	28.51
(w) Dollar Medium Term	$	16.32
(w) Dollar Long Term	$	15.87
(w) Japanese Yen	Y	25.93
(w) Poud Sterling	£	15.48
(w) Deutsche Mark	DM	12.96
(w) Dutch Florin	FL	12.00
(w) Dutch Florin Multi.	FL	[illegible]
(w) Swiss Franc	SF	11.09
(w) Swiss Multicurrency	SF	12.55
(w) European Currency	ECU	14.21
(w) Convertibles	$	11.05
(w) French Franc	F	[illegible]
(w) Swiss Multi-dividend	SF	10.20
PARIBAS-GROUP		
(d) Belux Fund	LF	10,939.00
(d) Cortexa International	$	132.71
(d) Ecupar	ECU	1,348.84
(d) For East Growth Fund	$	143.44
(d) Luxor	$	8.34
(w) Moneyflow	LF	10,148.00
(d) Parsunse Growth	$	21.15
(d) Parinter Fund	$	[illegible]
(d) Par US Treas. Bond 'Cl. B'	$	122.09
(d) [illegible]	ECU	195.75
(d) Parinter Bond Fund	$	12.33*
(d) Paribas-Rente 'A'	LF	1,307.00
(d) Paribas-Rente 'B'	LF	1,488.00
(w) Obli-Franc	FF	1,286.67
(w) Obli-DM 'A'	DM	1,161.71
(w) Obli-DM 'B'	DM	1,298.00
(w) Obligestion	SF	[illegible]
(w) Obli-Dollar 'A'	$	1,211.77
(w) Obli-Dollar 'B'	$	1,290.69
(w) Obli-Yen 'A'	Y	108,855.00
(w) Obli-Yen 'B'	Y	114,971.00
(w) Obli-Gulden 'A'	FL	1,061.24
(w) Obli-Gulden 'B'	FL	1,121.85
(w) Parsuisse	SF	[illegible]
(w) Parfopar	Y	3,487.00
PERMAL GROUP		
(m) Drakkar Growth	$	2044.27
(m) Nascal Ltd	$	1282.51
(m) Select Equities Ltd	$	935.00
(m) Special Opportunities Ltd	$	1635.39
(m) Updyke Ltd	$	259.11
(m) Value N.V.	$	[illegible]
PIERSON,HELDRING & PIERSON N.V.		
POB 243,1000 AE Amsterdam (20-211188)		
(w) Asia Pac. Growth Fd N.V.	$	27.75
(w) DP Amer. Growth Fd N.V.	$	25.49
(w) DP Energy Resources	$	44.18
(w) Europe Growth Fund N.V.	FL	58.75
(w) Japan Diversified Fund	$	53.13
(w) Leveraged Cap Hold	$	327.35
(w) Tokyo Pac. Hold. N.V.	$	186.94
PUTNAM		
(d) Emerging Hlth Sc. Trust	$	12.79
(w) Putnam Em. Info. Sc. Tr	$	15.67
(d) Putnam Int'l Fund	$	11.29
ROBECO GROUP		
POB 973, Rotterdam (10-4658711)		
(d) Robeco	FL	108.90
(d) Rolinco	FL	107.60
(d) Rorento	FL	62.10
(d) Rodamco	FL	159.80
ROTHSCHILD AST.MGT.		
(w) Tokyo Pac. Hold. (Sea)	$	185.23
ROYAL B. CANADA,POB 246,GUERNSEY		
+(w)RBC British Fund Ltd.	£	6.83*
+(w)RBC Canadian Fund Ltd.	C$	15.16*
+(w)RBC European Fund	$	12.39
+(w)RBC Far East&Pacific Fd	$	39.18
+(w)RBC Int'l Capital Fd	$	54.45
+(w)RBC Int'l Bond Fund Ltd.	$	12.32
+(d)RBC Man.Currency Fd	$	38.46
+(w)RBC North Amer. Fd	$	15.71
ROYAL TRUST ASSETMIX FUND		
Lux.Tel.:(352)489061		
EQUITY FUNDS		
(d)Alpha UK	£	1.26
(d)Alpha US$	$	1.27
(d)Alpha Worldwide	SF	5.41
(d)Alpha Japanese	Y	1845.00
(d)Alpha Pacific Rim	$	1.14
(d)Alpha European	ECU	1.13
(d)Gold Share	$	1.09
BOND FUNDS		
(d)Sterling Pound	£	104.92
(d)US$ Bond	US$	118.42
(d)Deutschmark Bond	DM	51.13
(d)Alpha Worldwide	SF	54.50
RESERVE FUNDS		
(d)Sterling Reserve	£	10.822
(d)US$ Reserve	$	10.497
(d)Deutschmark Reserve	DM	10.303
SHEARSON LEHMAN HUTTON		
(d) Oporto Growth Fund	$	9.00
INTERNATIONAL PORTFOLIOS (IP)		
(d) IP Global Balanced	$	10.81
(d) IP Precious Metals	$	8.91
(d) IP Global Bond	$	10.34
(d) IP US Share	$	11.66
(d) IP Global Equity	$	11.39
(d) IP Pacific Equity	$	10.50
(d) IP Euro Equity	$	11.85
(d) IP US Govt-securities	$	10.98
SKANDIFOND		
SKANDINAVISKA ENSKILDA BANKEN		
(w) Equity Intl Acc	$	11.21
(w) Equity Intl Inc	$	10.48
(w) Equity Global	$	1.84
(w) Equity Far East	$	1.74
(w) Equity Gold	$	0.88
(w) Equity Japan	Y	123.00
(w) Equity Nordic	$	1.21
(d) Equity U.K.	£	1.11
(d) Equity Continental Europe	$	1.09
(d) Equity Mediterranean	$	1.09
(d) Equity North America	$	1.12
(d) Bond DEM	DM	9.98
(w) Bond Intl Acc	$	7.75
(w) Bond Intl Inc	$	6.47
(d) Bond Sweden	SEK	10.04
(d) Bond Dollar	$	0.99
(w) High Income Acc	$	1.82
(w) High Income Inc	$	0.92
(w) Multicurrency	$	1.0607
(d) IFRF	FF	1.82
SOCIETE GENERALE GROUP		
(w) SF Fund		
(w) SF Bonds A U.S.A	$	11.42
(w) SF Bonds B Germany	DM	21.75
(w) SF Bonds C France	FF	86.14
(w) SF Bonds D Switz.	SF	20.00
(w) SF Bonds E G.B.	£	11.21
(w) SF Bonds F Japan	Y	1639.00
(w) SF Bonds G Europe	ECU	11.58
(w) SF Bonds H World Wide	$	11.45
(w) SF Bonds J Belgium	BF	581.00
(w) SF Eq. K North America	$	11.77
(w) SF Eq. L W. Europe	ECU	12.86
(w) SF Eq. M Pacific Basin	YEN	1626.00
(w) SF Eq. P Growth Countries	$	18.53
(w) SF Equities Q Gold Mines	$	9.53
(w) SF Equities R World Wide	$	11.63
(w) SF Short Term S France	FF	[illegible]
(w) SF Short Term T Eur.	ECU	10.83
SODITIC ASSET MANAGEMENT INC.		
(w) SAM Diversified Inc.	$	[illegible]
SVENSKA HANDELSBANKEN S.A.		
146 bd de la Petrusse,L-2330 Luxembourg		
(b) SHB Bond Fund	$	[illegible]
(w) Svenska Select.Fd Intl Sh.	$	[illegible]
(w) Svenska Select.Fd America Sh.	$	[illegible]
(w) Svenska Select.Fd Asia Shares	$	[illegible]
SWISS BANK CORP. (ISSUE PRICES)		
(d) AmericaValor	$	482.06*
(d) AngloValor	£	135.81*
(d) Asia Portfolio	SF	877.48*
(d) Convert Bond Selection	SF	111.08*
(d) Dollar Bond Selection	$	127.75*
(d) D-Mark Bond Selection	DM	118.49*
(d) Ecu Bond Selection	ECU	102.32*
(d) Florin Bond Selection	FL	120.38*
(d) FranceValor	FF	1811.15*
(d) GermaniaValor	DM	494.26*
(d) Gold Portfolio	SF	513.90
(d) ItalValor	Lit	305,049.00*
(d) Japan Portfolio	SF	409.00*
(d) SBC US$ MMF	$	5677.49
(d) SBC 100 Index Fund	SF	1229.00
(d) Sterling Bond Selection	£	107.46
(d) Swiss Foreign Bond Selec	SF	107.67*
(d) Swissvalor	SF	408.75*
(d) Universal Bond Select.	SF	81.00*
(d) UniversalFund	SF	128.13*
(d) Yen Bond Selection	Y	11,867.00
THORNTON MANAGEMENT LTD.		
(d) Thornton tot opps.fund	$	2.03
(d) Pacific Invt. Fd. S.A.	$	10.20
(d) Pac.Invt. Warrants Fd.S.A.	$	5.20
(d) Thornton Kangaroo Fd Ltd.	$	11.04
(d) Thornton European Fund	$	6.74
(d) Thornton HK & China	$	10.41
(d) Thornton Japan Fund Ltd	$	26.91
(d) Thornton Orient.Inc. Fd Ltd	$	27.18
(w) Thornton Phil. Redev. Fd	$	44.97
(d) Thornton Tiger Fund Ltd	$	27.66
(d) Thor.Pacific Tech.Fd Ltd	$	12.37
(d) Thor.Ltd. Dragons Fd Ltd	$	19.36
(d) Thor.Golden Opport.Fd	$	6.66
(d) Eastern Crusader Fund	$	8.75
(w) The Global Access Fund	$	9.69
T. Rowe Price Associates Inc.		
(m)T. Rowe Price Frontier Ltd.	$	10.13
TYNDALL INT'L GUERNSEY LTD		
Tel.0481 27963		
(d) Amer Spec Sits	$	44.89
(d) Eurobond	£	28.30
(d) Mortgage	C$	13.14
(d) Overseas	£	28.30
(d) Tiger	£	37.94
(d) High Yield Bond	£	60.90*
(d) Marunouchi	£	73.90
(d) Far Eastern	£	568.40
(d) Gilt	£	506.00
(d) Mad Currency-Dollar	$	1.397
(d) Mad Currency-Stlg	£	106.50
(d) 1992	£	270.70
(d) Wall Street	£	253.80
(d) HI Inc Gilt & Bulldog	£	102.70
UEBERSEEBANK, ZURICH		
(d) B-FUND	SF	983.59
(d) M-FUND	SF	3102.45
(d) M-Distribution	SF	103.83
(d) UBZ Euro-Income Fund	SF	10.25
UNION BANK OF SWITZERLAND		
(d) Bond-Invest	SF	64.80*
(d) Brit-Invest Shares	SF	811.00
(d) D-Mark-Invest Bds	DM	123.70
(d) Dollar-Invest Bds	$	117.40
(d) ESPAC Spanish sh	SF	219.00*
(d) Eurit	SF	128.37*
(d) Fonsa Swiss Sh.	SF	224.00
(d) Francit Shares	SF	217.50
(d) Germac Shares	SF	218.50
(d) Globinvest Shares	SF	218.00
(d) Gold Invest Shares	SF	245.00
(d) Holland-Invest Sh.	SF	241.50
(d) Itac Shares	SF	236.00
(d) Japan-Invest Sh.	SF	1498.00
(d) Sima (stock price)	SF	238.50*
(d) Skandinavien-Invest	SF	275.00
(d) UBS Money Mkt Inv.	$	5297.48
(d) Yen-Invest Bonds.	SF	1059.00
UNION INVESTMENT Frankfurt		
(d) Unirenta	DM	40.40
(d) Unifonds	DM	33.40
(d) Unirak	DM	80.10
(d) Unizins	DM	114.35
THE UNIVERSAL GROUP OF FUNDS		
(m) Canada Gld-Mortgage Fd.	C$	12.56
(d) Univers Sav Amer	C$	10.29
(d) Univers Sav Equity	C$	12.52
(d) Univers Sav Global	C$	5.42
(d) Univers Sav Pacific	C$	8.74
(d) Univers Sav Nat. Res	C$	4.53
VHOYTEMA & CHAUSSEE Brussels		[illegible]
(m) vH&C Managed Fd. Index	$	185.00
Other Funds		
(b) Abacus Guart.Fd.Mor.'94	$	9.55
(w) Actibondsicav	$	473.54
(w) Actifrance Int'l	$	843.57
(w) Actigestion	FF	1126.98
(w) Activest Intl	$	22.50
(w) Arnvabel	FL	94.00
(w) Aquila International Fund	$	258.22
(b) Arlane	$	3,448.36
(m) Atlantic Fund	$	100.04
(d) Atlas Fund	$	121.40
(d) Australia Fund	$	14.60
(d) Bahamas Superfund	$	918.00
(d) Bleo Mondo Bond Fund	$	188.22
(d) Bera Norden Sicav	$	158.98
(d) Bera Trust Sicav	$	121.27
(w) Bergen Int'l Fund	$	11.42
(d) Bever Beleggingen++	$	23.50
(d) Bonor Currency & Int.	$	87.26
(w) Bondselex-Issue Pr.	SF	117.25
(d) J. Capel guaranteed Fund	$	9.84
(w) CMI Investment Fund	$	1279.81
(d) Cash Gestion	FF	9324.17
(d) CB German Index Fund	DM	118.42
(m) Cleveland Offshore Fd.	$	33.68
(w) Columbia Securities	FL	110.98
(m) Commod. Gtd. Fund/USA	$	[illegible]
(w) Convert. Fund Int'l A Certs	$	[illegible]
(w) Convert. Fd. Int'l A Certs	$	18.44
(w) Convert. Fd. Int'l B Certs	$	60.15
(w) Comber Intl N.V.	$	244.08
(w) Daiwa Japan Fund	Y	9,581.00
(w) D.G.C.	$	183.23
(w) DIVERSIF. BOND FUND	$	95.67
(d) D-mark-Baer Bond Fd.	DM	1052.00*
(d) Dollar-Baer Bond Fd	$	1149.00*
(d) D. Witter Wld Wide Ivt Tst.	$	12.49
(d) Dreyfus America Fund	$	14.34
(d) Dreyfus Fund Int'l.	$	62.62
(w) Dreyfus Intercontinent	$	63.36
(w) Esprit Sicav	ECU	1190.76*
(w) Espirito Sto Inv M Sth Eur Fd.	$	18.54
(d) Europe Obligations	ECU	[illegible]
(w) Finsbury Int'l Ltd.	$	134.25
(w) Fairfield Strat. Ltd.	$	125.57
(d) First Eagle Fund	$	35,763.51
(m) F.I.T. Fund Fr	FF	108.41
(m) Fonditalia	$	75.46
(w) Fonselex Issue Pr.	SF	210.85
(d) Forexfund Limited	$	9.26
(w) Formula Selection Fd.	SF	74.97
(d) Frankl-Trust Effekten Fd	DM	159.71
(d) Frankl-Trust Interzins	DM	42.31
(w) Future Div.Fund	$	26,480.00
(w) George V INV. BOND F.	$	17.90
(m) German Sel. Associates	DM	2146.11
(d) Green Line France	FF	484.14
(w) Hausmann Hldgs. N.V.	$	277.88
(w) Health 2000 Ltd	$	10.81
(w) Hestia Funds	$	148.57
(w) Horizon Fund	$	1046.24
(w) Ibex Holdings Ltd.	SF	183.42
(w) IFDC Japan Fund	YEN	47,857.00
(r) ILA-IGB	$	6.51
(r) ILA-IGS	$	9.97
(m) IncAmerica N.V.	$	14.42
(m) IncAsia N.V.	$	20.47
(w) Intercu Fund	ECU	1118.42
(m) Interface Fund Ltd.	$	148.60
(d) Interfund SA	$	38.15
(w) Intermarket Fund	$	393.28
(r) Int'l Securities Fund	$	24.01
(w) Intersec SA	$	[illegible]
(d) Investa DWS	DM	78.33
(w) Inpremat	$	18.05
(r) Italfortune Int'l Fund SA	$	[illegible]
(w) Japan Selection Asset	Y	[illegible]
(w) Japan Selection Fund	$	[illegible]
(w) Japan Pacific Fund	$	[illegible]
(w) Kleinwort Bens. Jap. Fd.	$	348.64
(d) KML-II High Yield 26/07/89	$	974.53
(w) Korea Growth Trust	$	42.16*
(w) LACO International	$	7.44
(m) Lieulbaer	$	1732.00
(d) London Portfolio Grth I	$	98.37
(d) London Portfolio Grth II	$	9.92
(w) Luxfund	$	182.44
(m) Lynx Sel.Holdings	SF	126.53
(w) [illegible]	$	18.66
(d) Mediolanum Sel. Fd.	$	39.74
(d) NCA FUND	$	11.22
(w) Nippon Fund	$	109.80
(m) NMT Asian Sel. Portfolio	$	177.12
(m) NMT Citadel Band	SF	112.32
(m) NMT Nestec Portfolio	$	103.85
(d) NM Inc. & Growth Fund	$	16.17
(d) Nomura Cap. Int Ex Fd	$	14.05
(d) Nordmix	LIT	11180.00
(m) NSP F.I.T.	$	272.50
(m) Oppenheimer U.S.Arb.	$	133.67
(m) Overlook Performance	$	1172.71
(d) Pacific Rim Fund	$	10.24
(d) PAM Fortune Trad.	$	844.37
(w) Pancurri Inc.	$	127.47
(w) Prusa. L.H.Inc.P.F.26/07/89	$	9.25
(d) Protected Perfor. Fund	$	0.71
(w) Quantum Fund N.V.	$	13730.63
(w) [illegible]	$	9.76*
(w) Samurai Portfolio	SF	351.30
(d) [illegible]	$	10.96
(d) [illegible]	$	30.60
(d) SCI/Tech. SA Luxembourg	$	18.46
(w) [illegible]	$	15.90*
(w) [illegible]	$	4856.85
(d) Strat Int'l Gold Fund S.A	$	6.67
(d) [illegible]	$	1023.00
(w) Techno Growth Fund	SF	67.28
(d) Templeton Glob Inc.	$	10.09*
(d) [illegible]	$	1.050
(d) THC Int. Sicav	$	9.25
(w) [illegible]	FL	36177.00
(w) [illegible]	$	74.98
(w) Tudor BVI Futures LTD	$	4071.24
(d) Turquoise Fund	$	213.58
(d) Tweedy,Browne n.v.Cl.A	$	3458.49
(d) Tweedy,Browne n.v.Cl.B	$	1932.63
(d) Tweedy,Browne (U.K.) n.v.	$	1397.59
(d) Unico Div.Fund	DM	77.15
(d) Unico Equity Fund	DM	64.77
(d) [illegible]	ECU	7518.17
(d) Uni Capital Fund	$	1673.25
(d) Univers Bonds	DM	132.42
(d) Vanderbilt Assets	$	17.48
(d) Vesper Flex	FF	1,001.83
(d) Vesper Tr 'A'	FF	1010.12
(d) Vesper Tr 'B'	FF	
(d) Vesper Tr 'C'	FF	1376.71
(d) Vesper Tr 'D'	FF	982.32
(w) Victoria Fund	$	23,000.00
(w) Wildwood Capital	$	14.16
(d) World Bond Fund	$	11.54
(d) World Balanced Fund S.A.	$	11.61
(m) Zweig Intl Ltd	$	87,553.00

AS - Australian Dollars; BF - Belgium Francs; C$ - Canadian Dollars; DM - Deutsche Mark; ECU - European Currency Unit; FF - French Francs; FL - Dutch Florin; LII - Italian Lira; LF - Luxembourg Francs; p-pence; Ptas - Pesetas; SF - Swiss Francs; Y - Yen; a - asked; + - Offer Prices; N.A. - Not Available; N.C. - Not Communicated; o - New; S - suspended; S/S - Stock Split; * - Ex-Dividend; ** - Ex-Rts; @ Offer Price incl. 3% prelim. charge; ++ Paris exchange; +++ Amsterdam exchange; - unquoted earlier; - not registered with regulatory authority

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IEP Said Unlikely to Buy Cummins

Reuters

CHICAGO — Industrial Equity (Pacific) Ltd. is unlikely to use its holdings in Cummins Engine Co. as a springboard for a takeover of the Indiana engine manufacturer, analysts said Thursday.

But the company may be attractive to another diesel-engine maker for strategic reasons, according to David Gardner, an analyst at Nomura Securities Co.

"I discount the people who say IEP is going to take a run at the company," said Bryan Dutt, an analyst at Howard, Weil Financial Corp.

Hong Kong-based Industrial Equity has told the Securities and Exchange Commission that it holds 9.9 percent of Cummins and intends to seek permission to buy up to 25 percent.

"I don't think Industrial Equity is into breaking the company up," said Mr. Gardner.

Nevertheless, he said, a European concern such as Daimler-Benz AG or Volvo AB could justify paying as much as $135 a share for Cummins because it has spent heavily to meet soon-to-be introduced U.S. emission standards and to develop key new products.

Cummins was the subject of persistent takeover rumors after a unit of Hanson PLC took an 9.8 percent stake in it earlier this year. But Hanson last week sold its stake for $72 million to members of the Miller family, descendants of Cummins's founders, temporarily quelling the rumors and depressing Cummins's stock.

Mr. Gardner said Cummins is vulnerable also because the Miller family probably could not afford to buy out another investor. The family's voting power was also reduced as a result of the transaction with Hanson, he noted.

Industrial Equity is 70 percent-owned by Brierley Investments Ltd. of New Zealand.

Industrial Equity, which holds stakes in numerous companies, in the past has bought interests in companies out of favor with Wall Street analysts and then helped managements improve their performance, Mr. Dutt said.

The firm has interests in restaurants, hotels, car importing, agricultural equipment, real estate, oil services and retailing.

"They've taken positions in lots of companies and never followed through on buying them out," said an analyst asked not to be identified.

Chuck Harris, an analyst at Oppenheimer & Co., said Cummins would not be an attractive target for a financial buyer because it generates little free cash flow and its earnings are highly cyclical.

Challenge Fails At Intergroup

Reuters

PITTSBURGH — A challenge to the leadership of Howard M. Love, chairman of National Intergroup Inc., has failed with 86 percent of shareholders voting to elect management-backed directors.

The challenge, at the company's annual meeting on Wednesday, came from Walker Street Associates, a New York investment partnership that is National Intergroup's largest shareholder.

Stephen M. Mizel, president of Walker Street, had said in a letter to the National Intergroup board that Mr. Love's "incompetence and, indeed, misfeasance" had led to a number of problems at the company.

Norsk Hydro Net Sank 51% in Half

Agence France-Presse

OSLO — Norsk Hydro A/S, the Norwegian oil, gas and chemicals group, said Thursday that net income fell 51 percent in the second quarter, to 451 million kroner ($65 million), from 924 million kroner in the year-earlier period.

Net income for the first half totaled 1.7 billion kroner, down 8 percent from last year's first half. But sales rose 14.4 percent, to 33.63 billion kroner, from 29.39 billion.

The company said the reduced profit was largely due to losses on currency transactions and other financial costs.

The first-half figures were well below analysts' expectations and were due to weak second-quarter performances in Hydro's agriculture and petrochemical sectors.

Most analysts had predicted record net profit in the half of about 2 billion kroner, beating last year's record 1.84 billion kroner.

They had also expected a weaker second quarter for Hydro, which is 51 percent state-owned, but not as weak as it turned out to be. Hydro, Norway's biggest diversified company, also has major interests in light metals and North Sea oil.

The company's second-quarter profit after tax plunged to 451 million kroner from 924 million in the same quarter of 1988.

The agriculture division, heavily involved in fertilizers, said operating income virtually halved in the quarter, to 257 million kroner, from 470 million.

British Water Firms Set Merger and Listing

Reuters

LONDON — Three of Britain's 29 private water companies announced Thursday that they had reached agreement on a proposed merger to be followed by plans to seek a listing for the merged group on the London Stock Exchange.

The companies, Colne Valley Water Co., Lee Valley Water Co. and Rickmansworth Water Co., plan to merge to form a new holding company. A listing will be sought for the new concern, Three Valleys Water Services PLC.

The French concern Compagnie Générale des Eaux is expected to be the largest shareholder in the group through its British unit's existing holdings in the companies.

Lakis Athanasiou, water industry analyst at UBS/Phillips & Drew, said the latest move in the realignment of the water industry may signal French intentions to take large strategic positions in the British industry, including some in the 10 regional water authorities, when they are sold under Britain's privatization plan.

Although single stakes will be limited to 15 percent for five years, "the French are long-term players," Mr. Athanasiou said. He added that the merger just proposed was likely to be cleared by the British authorities.

The three water companies said the proposed merger would consolidate the strengths of each at a time of significant change in Britain's water industry.

In October 1988, General Utilities PLC, a wholly owned subsidiary of Compagnie Générale, made a recommended offer for Lee Valley and now owns 99 percent of its equity.

Lee said it believes the benefits of having access to the technical resources of one of the world's leading water-services groups have already become apparent.

General Utilities also holds a 28 percent voting stake in Colne Valley and 16 percent in Rickmansworth. Saur Water Services PLC, part of France's Bouygues SA, also holds a near 25 percent stake in Colne Valley.

Mr. Athanasiou, noting that Saur also has a 28 percent stake in Rickmansworth, said: "This isn't a deal between the water companies. This is a deal between the French companies."

The three companies said they face challenges that include a new form of regulation and requirements to enhance the quality of water in the face of stricter environmental controls.

Later this year, the British government intends to sell the 10 water and sewage businesses in England and Wales; after this, the private water-supply companies also will be free to become quoted companies. But Britain's water privatization plans have been dogged by disagreement with the European Community over the timing of the implementation of EC water-quality standards, which has yet to be resolved.

Under the merger agreement, the three firms would retain their individual identities within Three Valleys and supply water to geographically adjacent areas in southeast England. The area of supply would extend over 3,200 square kilometers (1,200 square miles).

THRIFT: *Junk Bonds Repriev*ed

(Continued from first finance page)

believe that the market can absorb the sell-off of the bonds by the thrifts. Savings and loans hold only 8 percent of the value of bonds in the junk-bond market. Industry officials said they expect that new buyers will be available.

"There are plenty of other places to sell the bonds without using taxpayer-insured deposits," Mr. Sheshunoff, the thrift consultant said.

Another factor that may soften the impact on the junk-bond market is that some of the bonds may mature before the five-year period is up or may be refinanced.

■ Wall Retains Post

The agreement reached Wednesday will also allow M. Danny Wall, chairman of the Federal Home Loan Bank Board, to keep his job for two years and allow the board to continue regulating state-chartered institutions, Nathaniel C. Nash of the New York Times reported from Washington.

The compromises could also pave the way for an agreement between the House and Senate conferees to put the cost of the bailout in the fiscal year 1990 budget, said Henry B. Gonzalez, Democrat of Texas and chairman of the House Banking Committee. That would reject the Bush administration's insistence that the financing be kept out of the budget.

The ultimate fate of the bill is uncertain, especially if the conferees add the cost to the budget deficit.

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Belgium	B.Fr.	11,000	7,200	6,000	3,300
Denmark	D.Kr.	2,700	1,304	1,500	830
Finland	F.M.	1,760	1,334	970	540
France	F.F.	1,500	1,230	830	455
Germany (mail)	D.M.	580	403	320	176
—*hand delivery	D.M.	739	103	379	199
Great Britain	£	140	96.60	77	42
Greece (mail)	Dr.	29,000	25,600	16,000	8,800
—hand delivery Athens, Thessaloniki	Dr.	33,000	21,600	18,000	9,900
Ireland	£Irl.	155	136	85	47
Italy	Lire	420,000	308,000	231,000	127,000
Luxembourg	L.Fr.	11,000	7,200	6,000	3,300
Netherlands	Fl.	600	492	340	185
Norway (airmail)	N.Kr.	2,000	1,276	1,100	600
—**hand delivery	N.Kr.	2,500	776	1,400	700
Portugal	Esc.	29,000	29,240	16,000	8,800
Spain (mail)	Ptas.	32,000	22,600	17,600	9,700
—***hand delivery Barcelona, Bilbao, Seville	Ptas.	32,000	22,600	17,600	9,700
—***hand delivery Madrid	Ptas.	46,800	—	23,400	11,700
Sweden (airmail)	S.Kr.	2,000	1,276	1,100	600
—**hand delivery	S.Kr.	2,500	776	1,400	700
Switzerland	S.Fr.	455	455	255	141
Rest of Europe, North Africa, former French Africa, Middle East	$	470	Varies by country	260	145
Rest of Africa, Gulf States, Asia	$	620		340	190
Central/Latin America	$	540		295	160

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IHT EXTRAS

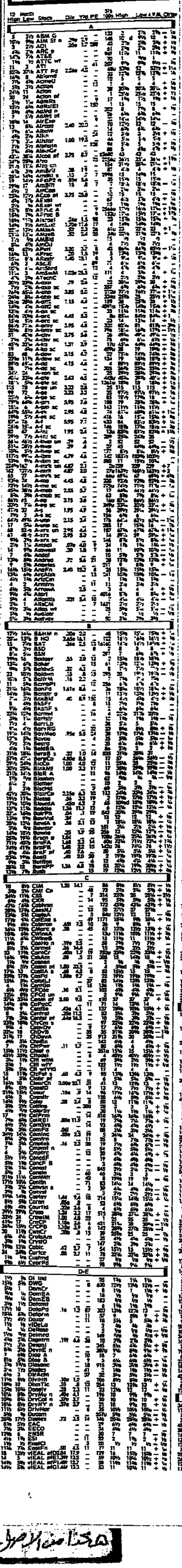
Full weekend sports results in Monday's IHT

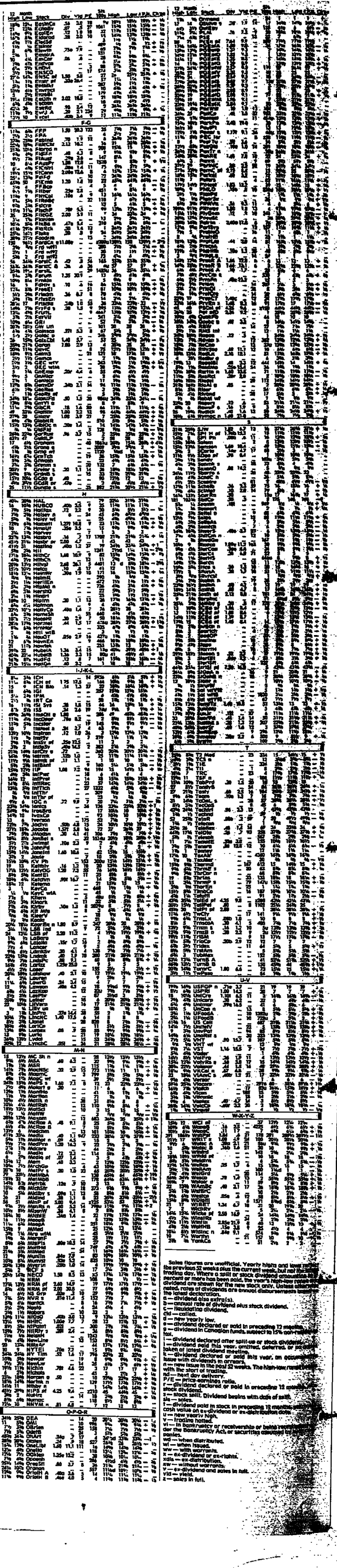
Friday's market closings in Saturday's IHT

Thursday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Via The Associated Press





Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a — dividend also extra(s).
b — annual rate of dividend plus stock dividend.
c — liquidating dividend.
cld — called.
d — new yearly low.
e — dividend declared or paid in preceding 12 months.
g — dividend in Canadian funds, subject to 15% non-resident tax.
i — dividend declared after split-up or stock dividend.
j — dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting.
k — dividend declared or paid this year, an accumulative issue with dividends in arrears.
n — new issue in the past 52 weeks. The high-low range begins with the start of trading.
nd — next day delivery.
P/E — price-earnings ratio.
r — dividend declared or paid in preceding 12 months plus stock dividend.
s — stock split. Dividend begins with date of split.
sls — sales.
t — dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date.
u — new yearly high.
v — trading halted.
vi — in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies.
wd — when distributed.
wi — when issued.
ww — with warrants.
x — ex-dividend or ex-rights.
xds — ex-distribution.
xw — without warrants.
y — ex-dividend and sales in full.
yld — yield.
z — sales in full.

Dollar Ends Mixed in New York

Reuters

NEW YORK — The dollar closed mixed in New York on Thursday, recovering from sharp declines posted earlier in Europe after a U.S. report provided further evidence of a slowing economy.

A report from the U.S. Commerce Department that the economy grew by a lower-than-expected 1.7 percent in the second quarter, after a 3.7 percent first-quarter rise, heightened expectations of easier monetary policy and sent the dollar immediately lower.

The U.S. unit rebounded late in the day in New York, however, as traders moved to cover short positions on the view that the earlier declines had been exaggerated.

The dollar closed at 1.8725 Deutsche marks, up from 1.8670 DM on Wednesday, and at 139.120 yen, down from 140.025 yen.

The British pound eased to $1.6550 from $1.6590.

The dollar also closed at 1.6150 Swiss francs, up from 1.6045 francs, and at 6.3555 French francs, up from 6.3265 francs.

Dealers said interest rates remain the big question for the markets. The dollar has been falling for about the past week on speculation that the Federal Reserve Board will soon ease credit further.

The U.S. second-quarter GNP figure was below the average of forecasts, but proved insufficient to push the dollar significantly lower and, with the market generally short of dollars before the figure was released, traders said the rebound was not a big surprise.

Demand for dollars by Japanese investors at levels below 139 yen also encouraged short-covering.

"The figure was slightly, but not significantly weaker than expectations," said Mr. Simmonds of the GNP report.

He said the market would now look for further signs of Fed policy easing, but said he did not expect much significant movement before U.S. employment data for July, which are due next Friday.

Meanwhile, NCNB Texas, a unit of North Carolina-based NCNB Corp., said Thursday it was reducing its prime rate to 10.5 percent from 11 percent, effective immediately.

A spokesman for the parent company said that the other regional banks in the NCNB family were also cutting their prime lending rates to 10.5, effective immediately.

Earlier in London, the dollar fell to 1.8705 DM from 1.8785 DM on Wednesday, and dropped to 139.05 yen from 141.00 yen.

It also fell to 1.6095 Swiss francs from 1.6192 francs, and to 6.3325 French francs from 6.3675 francs.

The pound rose to $1.6575 from $1.6450.

The pound gained in the wake of Wednesday's British trade figures and on Britain's high interest rates. It rose above 3.10 DM and gained 0.4 of a point on its trade-weighted index.

David Simmonds, chief treasury economist at Midland Montagu in London, said the pound might rise as high as 3.15 DM, but thought in the near term it would more likely hold steady, or perhaps firm only slightly.

London dealers said the next stage for the dollar was to test support at its early July low of 1.8550 DM, in continuation of an overall downwards move and on the technical grounds that the dollar recently failed to hold above 1.89 DM and 140 yen.

Traders said the future of the yen was hard to forecast, since it was dependent on political factors in Japan after the ruling Liberal Democrat Party's defeat in Sunday's upper house elections.

London Dollar Rates

Closing	Thu.	Wed.
Deutsche mark	1.8705	1.8785
Pound sterling	1.6575	1.6450
Japanese yen	139.05	141.00
Swiss franc	1.6095	1.6192
French franc	6.3325	6.3675

Source: Reuters

GATT Sets Date For Conclusion Of Trade Talks

Reuters

GENEVA — The head of GATT, announcing that the Uruguay Round of world trade negotiations would end in Brussels late next year, appealed Thursday for concerted efforts by governments to make more progress.

"The level of progress in the various negotiating groups is not uniform," said Arthur Dunkel, director-general of the General Agreement on Tariffs and Trade.

The four-year round was launched in 1986 in Punta del Este, Uruguay.

The Uruguay Round's Trade Negotiating Committee accepted an offer from the European Community to host the final ministerial conference of the round in Brussels during the period Nov. 26-Dec. 8, 1990. A conference last December in Montreal failed to agree on how to proceed in four key areas: farm trade, textile imports, intellectual property, and safeguards against sudden surges of imports.

GM: *Lower Sales Volumes Cut Second-Quarter Profit*

(Continued from first finance page)

ings of $1.5 billion in the first half of the year, a slower rate than in the past. GM said it has achieved savings of $10 billion of the $12 billion to $13 billion it hopes to cut by 1990.

Terry Sullivan, a GM spokesman, acknowledged that the rate of savings under the cost-cutting program had slowed this year, but he said it was partly because GM had eliminated 40,000 white-collar workers in 1987, the first year of the program.

"We haven't stopped our aggressive efforts," Mr. Sullivan said. "Don't misinterpret this as us saying, 'The war is over.'"

Despite the earnings and volume declines, GM's worldwide sales during the quarter rose more than 1 percent to $33.6 billion, up from nearly $33.2 billion in the second quarter of 1988.

But net income, when measured as a percent of sales, dipped to 4.8 percent, from 5 percent a year ago. GM's cash and marketable securities, however, rose to $10.8 billion as of June 30, from nearly $9.0 billion one year ago.

GM's worldwide earnings for the first half of 1989 totaled $3 billion, or $4.60 a share, compared with $2.6 billion, or $3.82 a share, in the first half of 1988, in which an accounting change added $224.2 million.

The automaker said that the first-half profit was the highest in five years and second only to record net income in 1984.

GM's worldwide sales rose to $66.9 billion from nearly $63 billion during the first half of 1988.

GM's second-quarter profit decline contrasted strongly with the first quarter, when the automaker reported a 42.2 percent rise to $1.55 billion.

But at the end of March, GM, Ford Motor Co. and Chrysler Corp. began incentive programs designed to shrink inventories while keeping production levels up.

(AP, UPI, Reuters)

FORD: *Net Declines on Slow Sales*

(Continued from first finance page)

cars. General Motors Corp. and Chrysler Corp. followed suit.

Since then, incentives have remained in the marketplace, with each of the Big Three U.S. automakers spending hundreds of dollars per vehicle.

Ford's second-quarter earnings last year stand as the industry record, and analysts have indicated that record may be around for a while.

The automobile and truck markets are softening. The incentives were introduced to boost sales and shrink inventories built up by overly ambitious production schedules.

However, customers were not as enticed by the incentives during the second quarter as in the past. Each company has shut down some plants in the past few months for longer-than-usual vacation times, model changeovers or to stop the car-supply pipeline, giving dealers more time to sell cars on their lots.

"Ford has been spending more than they've been taking in because of the stock repurchase, a big increase in capital spending during the quarter to $1.6 billion," said industry analyst David Healy, of the Wall Street investment firm Drexel Burnham Lambert.

"But they probably have more money than they know what to do with, so I don't see it as a problem for them," said Mr. Healy, who noted that Ford earned less in North America but more in Europe than he expected.

"If we got into a recession, Ford could earn money in a severe downturn and sustain an aggressive capital-spending budget with their current cash," said Douglas Laughlin of Bear, Stearns & Co.

Other analysts agreed that the $7.8 billion still in reserve is more than sufficient for the No. 2 U.S. automaker. *(AP, UPI, Reuters)*

GROWTH: *U.S. Slowdown*

(Continued from page 1)

housing construction, analysts said.

According to the Commerce report, consumer spending rose at just a seasonally adjusted 1.1 percent rate in the second quarter, following gains of 2.8 percent last year and growth at a 2 percent rate in the first quarter.

Surprisingly, most of the drop in consumer spending last quarter was due to a big, unusual decline in food purchases that was not likely to be repeated, analysts said. The decline in food buying, which may have been related to rapidly rising food prices, did more to hold down the growth rate than the falloff in home building.

While housing and consumer spending were weak, businesses stepped up their spending for equipment, particularly for computers and other information processing machines. And a small improvement in the large U.S. trade deficit bolstered demand for American-made goods and services, also adding to the GNP.

As the department does annually in July, it released revised annual and quarterly GNP figures for the previous three years. The annual changes for 1986 and 1987 were slight.

World Stock Markets

Via Agence France Presse. Closing prices in local currencies, July 27

Amsterdam

	Close	Prev.
ABN Bank	46.20	45.40
ACF Holding	38.50	39.50
Aegon	107.60	106.50
Ahold	130.90	129.80
Akzo	143.40	142
AMEV	56.40	55.10
A'Dam Rubber	7.40	7.40
Amro Bank	92.10	90.70
Bols	152.70	152.30
Buhrmann Tett	46.50	46.10
BVG	25.50	25.50
Center Parcs	57.50	57.30
CSM	71.70	70.40
DAF	54.90	54.30
DSM	130.20	128.20
Elsevier	78.40	78.40
Fokker	45.70	46.60
Gist-Brocades	[illegible]	[illegible]
Heineken	134.50	132.10
Hoogovens	112.30	112
Hunter Douglas	122	122
IHC Caland	31.30	30.80
Inter Mueller	[illegible]	[illegible]
KLM	52.60	52.50
KNP	54.80	54
Nat Neder	67	66.20
Nedlloyd	450.80	450.50
NMB Bank	268	265
Oce Grinten	302	304
Pakhoed	138.30	137.30
Philips	42	42.30
Robeco	108.90	108.20
Rodamco	[illegible]	[illegible]
Rolinco	107.70	106.70
Rorento	62.10	62.10
Royal Dutch	141.70	141.50
Unilever	151.70	150.70
Van Ommeren	46.20	46
VMF Stork	37.50	37.50
VNU	100.40	100.20
Wessanen	91.80	91.70
Wolters/Kluwer	49.60	49.70

ANP-CBS Gen'l Index: 192.50
Previous: 191.40

Brussels

	Close	Prev.
Arbed	6290	6320
Bekaert	13750	13750
Cockerill	370	375
Cobepa	5850	5890
Delhaize	5800	5770
EBES	4580	4490
GB-Inno-BM	1366	1376
GBL	4400	4540
Gevaert	8300	8500
Hoboken	17750	17750
Intercom	3420	3380
Kredietbank	4300	4210
Petrofina	12575	12450
Royal Belge	5470	5700
Soc Gen Baue	6350	6300
Sofina	12475	12575
Solvay	13750	13750
Tractebel	9450	9600
UCB	11550	11575
Unerg Ps	2620	2620

Current Stock Index: 6196.57
Previous: 6188.47

Frankfurt

	Close	Prev.
AEG	205	202.50
Allianz Hldg	2190	2225
Altana Ind	431.50	427.40
Aska Dt. Kfile	879	881
BASF	288.40	289.80
Bayer	295.30	293.30
Bay. Hypo bank	440	445
Bay. Vereinsbank	415	424
BBC	452	450
BHF	473	470
BMW	612	615.50
Commerzbank	272	279.50
Continental	323	324.50
Daimler-Benz	760.50	756
Degussa	487.50	476.50
Dt Babcock	202	204.70
Deutsche Bank	679.50	677
Dresdner Bank	366	363.50
Feldmuehle	451	451.50
Harpener	375	367.50
Henkel	542.80	535
Hochtief	739	740
Hoechst	297.90	297.50
Hoesch	228	231.20
Holzmann	923	931
Horten	207	209
Hussel	668	670
Ind Wke Karls	309.50	311
Kali Salz	209	210.70
Karstadt	630	633
Kaufhof	535.50	532
KHD Kloeckner	[illegible]	[illegible]
Kloeckner Werke	[illegible]	[illegible]
Krupp Stahl	237	239.50
Linde	775	770
Lufthansa	177.80	177
MAN AG	344.20	347
Mannesmann	233.80	233.90
Metallgesell	467	469
Muench Rueck	2650	2675
Nixdorf	520	525
PKI	534	535.50
Porsche	767	778
Preussag	300	300
PWA Papier	308	307.10
RWE	329	331
Rheinmetall	390	395
Schering	726	737
SEL	332	337
Siemens	611.90	611.50
Thyssen AG	227.70	231.50
Varta	371.50	376
Veba	325	329
VEW	206	211
Viag	351	352
Volkswagen	453.30	447.50
Wella Vz	630.50	627.50

Commerzbank Index: 1923.70
Previous: 1928.80
FAZ Index: 643.52
Previous: 645.59

Helsinki

	Close	Prev.
Amer A	145	145
Enso-Gutzeit	36	35
K.O.P.	62	60.50
Kymmene	119	113
Nokia	126	113
Pohjola	275	275
Stockmann	265	259

	Close	Prev.
Utd Paper	120	117
Wartsila	420	375

Unitas Index: 779.10
Previous: 777.80

Hong Kong

	Close	Prev.
Bk East Asia	14.80	14.80
Cathay Pacific	8.40	8.40
Cavendish Int'l	3.92	3.90
Cheung Kong	7.95	7.95
China Light Pwr	11.80	11.80
Dairy Farm Int'l	6.95	6.85
Hang Lung Dev	4.27	4.25
Hang Seng Bank	20.40	20.60
Henderson Land	4.50	4.50
HK Air Eng.	19.20	19
HK China Gas	17.30	17
HK Electric Hdgs	7.90	7.60
HK Land Hdg	7.35	7.25
HK Realty Trust	4.35	4.32
HK Shang Bank	5.50	5.45
HK Shai Hils	5	5
HK Telecomm	4.70	4.75
HK Ferry	4.52	4.52
Hutch Whampoa	8.15	8.05
Hysan Dev	1.33	1.35
Jardine Math.	19	18.90
Jardin Strat Hdg	11	11.10
Kowloon Motor	7.20	7.20
Mandarin Orient	4.40	4.40
Miramar Hotel	5.80	5.80
New World Dev	9.30	9.20
SHK Props	9.45	9.45
Stelux	2.10	2.10
Swire Pac A	15.60	15.50
Tai Cheung Prps	4.07	4.05
TVE	0.97	0.96
Wharf Hold.	8.25	8.30
Wing On Co	6.25	6.20
Winsor Ind.	8.45	8.40
World Int'l Hdgs	3.60	3.62

Hang Seng: 2693.71
Previous: 2689.35

Johannesburg

	Close	Prev.
AECI	1925	1925
Altech	8200	8000
Anglo Amer Corp	9775	9675
Barlows	4300	4250
Blyvoor	1100	1100
Buffels	4900	4700
GFSA	8450	8375
Harmony	2050	2000
Highveld Steel	1890	1890
Kloof	3575	3450
Nedbank Grp Ltd	875	870
Rusplat	6550	6400
SA Brews	2535	2535
St Helena	3100	3000
Sasol	1280	1280
Welkom	2175	2150
Western Deep	13900	13600

Composite Stock Index: 2673
Previous: 2666

London

	Close	Prev.
Allied Lyons	518	521
Am Gold	41.87	41.37
Anglo Amer Corp	14.16	14.05
Assoc Brit Foods	387	387
Asda-MFI Gp	190	192
Barclays Plc	484	481
Bass	10.45	10.39
B.A.T.	885	873
Beecham Grp	643	644
Blue Circle	560	560
Boc Group	478	478
Boots	286	286
Bowater Ind.	473	473
British Aerospace	711	701
British Airw. Auth	366	366
British Airways	209	209
British Gas	200	198
British Petroleum	300	300
British Telecom	253	255
BTR	370	370
Burmah Oil	599	599
Cable Wireless	486	482
Cadbury Schwep	357	357
Charter Cons.	546	546
Commerc. Union	344	344
Cons Gold Field	14.69	14.68
Cookson Group	331	331
Courtaulds	370	362
Dalgety	346	346
De Beers	14.25	14.25
Dixons	141	141
Driefontein	10.50	10.25
Fisons	309	311
Freegold S	8.37	8.14
Gateway	233	233
Gen Accid Fire L	987	980
Genl Electric C	247	244
GKN	429	433
Glaxo	13.59	13.58
Grd Metropol Plc	587	580
Great Univ Stores	16.98	16.58
Guard Ryl Ex	221	217
Guinness Plc	527	525
Hanson Tr Plc	222	218
Hawker Siddeley	759	748
ICI Plc Sit Uts	12.51	12.61
Jaguar Plc	378	386
Kingfisher	388	388
Land Sec Plc	570	570
Legal Gen Grp	350	345
Lloyds Bank Plc	342	347
Lonrho Plc	308	297
Lucas Ind Plc	663	667
Marks Spencer	205	203
Maxwell Comm	188	187
MB Group New	190	195
Midland Bk Plc	342	343
Nat'l Westm Bank	310	310
Pearson Grp	748	745
P and O	688	688
Pilkington	229	227
Plessey	278	271
Prudential Corp	196	190
Racal Electronics	444	427
Randfontein	46.50	46.50
Rank Org	945	955
Reed Intl	425	418
Reuters	828	788
Rolls Royce	184	184
Royal Dutch	40.62	40.50
RTZ Corp	525	521
Saatchi	375	372
Sainsbury	273	268
Sears Hldgs	126	126.50
Shell	419	408
STC Plc	365	365
Std Chart Bank	522	523
Storehouse	149	145
Sun Allia Land Ins	381	386
Tate and Lyle	382	378
Tesco	195	197
Thorn Emi	771	770
T.I. Group	461	468
Trafalgar House	367	362
Trusthse Forte	357	358
Ultramar	328	325
Unilever	633	635
Utd Biscuits	382	378
Vickers	346	342
War Loan 3½%	38 15/32	38 31
Wellcome	448	445

F.T. 30 Index: 1902.50
Previous: 1885.80
F.T.S.E. 100 Index: 2283.70
Previous: 2284.30

Madrid

	Close	Prev.
Bco. Bilbao/Viz.	1025	1039
Bco. Central	1005	997
Bco. Santander	827	830
Banesto	1065	1065
CEPSA	491.50	495
Dragados	617.50	617
Hidroelec. Esp.	437	436
Iberduero	119.62	118.62
Telefonica	191.50	192.50

General Index: 300.78
Previous: 301.74

Milan

	Close	Prev.
Banca Comm	5150	5120
Bastogi	407	407
Cigahotels	4580	4580
CIR	6190	6180
Cred Ital	2720	2685
Eridania	7050	7000
Ferruzzi Fin.	3259	3230
Ferruzzi Agr.	2558	2530
Fiat SPA	11210	11050
Generali	45000	44300
IFI	23000	22850
Italcem	12550a	12450a
Italgas	2330	2300
Italmobiliare	18590a	18300a
Mediobca	25950	25400
Montedison	2463	2458
NBA	1890	1801
Olivetti	9420	9370
Pirelli	3750	3720
RAS	30940	30460
Rinascente	6330	6300
Saipem	2697	2700
SIP	3295	3325
SME	3936	3859
Snia	3145	3135
Standa	27000	26850
Stet	4870	4635
Toro Assi Risp	22600	22400

a: x100.
MIB Index: 1144
Previous: 1129

Paris

	Close	Prev.
Accor	735	736
Air Liquide	619	614
Av Dassault	660	660
Bancaire	613	590
BIC	742	747
Bongrain	3200	3045
Bouygues	746	717
BSN-GD	753	740
Carrefour	3467	3461
Cerus	434.50	434.90
C.G.E.	450	451
Chargeurs	1154	1160
Club Med	657	632
Dumez	1120	1113
Elf-Aquitaine	511	510
Europe 1	830	815
Gen. Eaux	2125	2057
Hachette	420	425
Havas	1040	1012
Imetal	351	348
Lafarge Coppee	1685	1675
Legrand	3980	3950
Oreal (L')	4575	4547
L.V.M.H.	4146	4131
Matra	369	365
Merlin Gerin	4580	4581
Michelin	178.90	178
Moulinex	144	144
Occidentale	868	868
Paribas	499.90	498
Pernod-Ricard	1471	1452
Perrier	1650	1635
Peugeot	927	925
Printemps (Au)	756	740
Radiotechnique	571	575
Raff. St. Louis	1348	1340
Redoute (La)	3710	3600
Roussel Uclaf	1911	1927
Saint Gobain	620	619
Sanofi	927	919
Skis Rossignol	1201	1201
Societe Generale	533	530
Suez	363	355
Telemecanique	3470	3500
Thomson-CSF	214.50	216.40
Total	530	515
Valeo	838	824

Boerse trend index: + 1.23%
Previous: + 0.81%

Sao Paulo

July 26

	Close	Prev.
Banco do Brasil	0.62	0.65
Bradesco	0.18	0.17
Brahma	0.04	0.04
Paranapanema	0.07	0.08
Petrobras	2.22	2.20
Varig	0.70	0.56

Bovespa Index: 11982
Previous: 10938

Singapore

	Close	Prev.
Cerebos	5.15	5.15
City Dev.	4.74	4.80
DBS	10.90	10.80
Fraser Neave	10.10	10.10
Genting	4.20	4.15
Harrisons Plant	1.93	1.93
Haw Par	3.18	3.18
Hume	3.12	3.08
Inchcape	6.30	6.35
Keppel	5.10	5.10
KL Kepong	3.24	3.28
Lum Chang	1.36	1.33
Malayan Banking	6.80	6.80
OCBC	10.20	10.30
OUB	4.46	4.46
OUE	8.30	8.40
Sembawang	4.86	4.72
Shangri-la	8	8
Sime Darby	3.32	3.32
SIA	14.90	15.10
S'pore Land	13.50	13.40
S'pore Press	8.75	8.70
Sing Steamship	3.70	3.76
Straits Trading	4.08	4.10
UOB	5.80	5.85
United Overseas	2.64	2.64

Straits Times Ind.: 1366.36
Previous: 1370.35

Stockholm

	Close	Prev.
AGA	255	255
Alfa Laval	705	700
Asea	600	600
Astra -A	335	337
Atlas Copco	398	403
Electrolux B	350	346
Ericsson	609	611
Esselte-A	240	240
Handelsbanken	191	190
Pharmacia-A	212	218
Norsk Hydro	149	162.50
Saab-Scania	256	259
Sandvik	345	345
SCA-A	145	141
S-E. Banken	113	112
Skandia Int-A	250	250
Skanska	575	575
SKF	169	168
Stora	421	422
Swedish Match B	160	160
Volvo	487	481

Affaersvaerlden: 1280.60
Previous: 1264.60

Sydney

	Close	Prev.
ANZ	5	5.02
BHP	9.70	9.70
Boral	3.70	3.65
Bougainville	1.88	1.85
Coles Myer	8.46	8.42
Comalco	4.07	3.95
CRA	9.50	9.40
CSR	4.48	4.42
Dunlop	4.93	4.91
Elders IXL	2.96	2.96
ICI Australia	4.12	4.20
Magellan	1.90	1.85
MIM	2.28	2.34
Nat Aust Bank	6.16	6.12
News Corp	16.50	16.20
N Broken Hill	2.71	2.70
Poseidon	2.45	2.40
QCT Resources	1.52	1.50
Santos	3.85	3.85
Thomas Nation	3.52	3.45
Western Mining	6.04	5.96
Westpac Banking	5.10	5.10
Woodside	2.65	2.65

All Ordinaries Index: 1628.20
Previous: 1617.70

Tokyo

	Close	Prev.
Akai Electr	765	770
Asahi Chemical	1310	1290
Asahi Glass	2410	2410
Bank of Tokyo	1720	1700
Bridgestone	1630	1620
Canon	1750	1770
Casio	1400	1410
C.Itoh	1100	1040
Dai Nippon Print	2250	2250
Daiwa House	2360	2270
Daiwa Securities	2300	2310
Fanuc	6400	6460
Fuji Bank	3550	3610
Fuji Photo	4200	4060
Fujitsu	1590	1600
Hitachi	1650	1620
Hitachi Cable	1330	1330
Honda	1990	1980
Ito Yokado	4260	4160
Japan Air Lines	16900	16600
Kajima	2050	2000
Kansai Power	4780	4680
Kawasaki Steel	946	930
Kirin Brewery	1990	1970
Komatsu	1310	1290
Kubota	1240	1240
Kyocera	6390	6510
Matsu Elec Inds	2140	2330
Matsu Elec Wks	2170	2210
Mitsubishi Bk	3360	3300
Mitsubishi Kasei	1110	1100
Mitsubishi Elec	1160	1150
Mitsubishi Hev	1270	1260
Mitsubishi Corp	1660	1600
Mitsui and Co	1190	1150
Mitsukoshi	2220	2240
Mitsumi	999	1000
NEC	1900	1920
NGK Insulators	1630	1630
Nikko Securities	1840	1840
Nippon Kogaku	1480	1490
Nippon Oil	1480	1450
Nippon Steel	865	865
Nippon Yusen	1130	1140
Nissan	1520	1520
Nomura Sec	3340	3340
NTT (Fr Suisse)	17885	17880
Olympus Optical	1470	1480
Pioneer	3700	3780
Ricoh	1260	1260
Sanyo Elec	880	880
Sharp	1420	1440
Shimazu	1600	1590
Shinetsu Chem	1880	1880
Sony	7900	7790
Sumitomo Bk	3730	3690
Sumitomo Chem	940	919
Sumi Marine	1530	1500
Sumitomo Metal	826	826
Taisei Corp	1530	1490
Taisho Marine	1540	1490
Takeda Chem	2440	2400
TDK	5800	5710
Teijin	990	980
Tokyo Marine	2190	2150
Tokyo Elec Pw	4850	5990
Toppan Printing	1970	1970
Toray Ind.	999	992
Toshiba	1370	1380
Toyota	2520	2540
Yamaichi Sec	1870	1880

Nikkei 225: 34785
Previous: 34515
New Index: 2585
Previous: 2586

Zurich

	Close	Prev.
Adia	8390	8275
Alusuisse	1235	1245
Bank Leu	3000	2920
Brown Boveri	4410	4370
Ciba Geigy	4270	4300
Credit Suisse	2775	2745
Electrow	3110	3120
Fischer	1875	1850
Interdiscount	3350	3310
Jacob Suchard	7175	6985
Jelmoli	2600	2575
Landis Gyr	1100	1130
Moevenpick	5225	5200
Nestle	8060	7940
Oerlikon-B	1160	1170
Pargesa Hld	1810	1810
Roche Holding-B	18600	18700
Sandoz	2225	2280
Schindler	6300	6325
Sulzer	448	447
Surveillance	5250	5275
Swissair	1180	1165
SBC	374	369
Swiss Reinsur	7125	7035
Swiss Volksbank	1875	1845
Union Bank	3710	3690
Winterthur	4960	4950
Zurich Ins	2260	2225

S.B.C. Index: 672.70
Previous: 669.70

Toronto

July 27

Canadian stocks via AP

Sales	Stock	High	Low	Close	Chg.
32207	Abti Prce	$16¾	16⅝	16¾	+ ¼
600	Agnico E	$9½	9⅜	9⅜	+ ⅛
436800	Air Canada	$12⅞	12⅝	12⅞	+ ⅛
16022	Alt Energy	$19⅝	19⅜	19¼	+ ⅛
6000	Alta Nat	$18	17¾	17⅞	+ ¼
54760	A Barick	$31	30⅝	30⅝	— ¼
31600	Atco I f	$10¾	10¼	10¾	+ ⅛
102418	BCE Inc	$42	41¾	41¾	— ¼
14100	BCED	275	275	275	
7495	BC Gas	$15⅛	15	15	— ⅛
19242	BP Canada	$17⅞	17⅜	17¼	— ⅛
83000	Bt Bk Nkll	227	213	212	—10
687449	Bank N S	$19¼	18⅞	18⅞	+ ¼
1750	Baton	$14	13¾	14	
68795	BCE Mobl	$31⅞	31¾	31⅞	+ ¼
12000	Bralorne	30	30	30	
148060	Bramalea	$35	34⅞	35	
29809	BC Phone	$17½	17⅛	17½	+ ⅛
4900	Brunswk	$11⅜	11⅛	11⅜	+ ¼
139550	CAE	$13⅝	13⅜	13⅜	— ¼
20380	CCL B f	$11¾	11⅝	11⅝	
13420	Cambior	$14	13⅞	14	— ⅛
19606	Campeau	$16½	16¼	16½	
15780	C Nor West	$8⅝	8¼	8¼	— ⅛
8800	C Packrs	$15	14⅞	15	— ⅛
111264	CI Bk Com	$32⅛	31⅝	31¾	— ⅛
14200	CP Forest	$42½	42	42¼	+ ¼
759075	CP Ltd	$26⅛	25⅝	26⅛	+ 1
79727	CTire A f	$24⅝	24¼	24⅝	+ ¼
119540	Cantor	$28⅞	28½	28⅝	— ¼
700	Cara	$18⅛	18	18	
50	Celanese	$30⅜	30¼	30⅜	+ ¼
3200	Cntrl Cap	$12⅞	12⅝	12¾	— ⅛
19685	Cineplex	$14⅛	13⅞	14	— ⅛
100	Conwest A	$13	13	13	— ¼
88760	Corona A f	$7⅞	7¾	7⅞	
1500	Crownx	$12	12	12	+ ⅛
804	Denison A p	$5⅝	5⅝	5⅝	
4994	Denison B f	$5⅝	5⅝	5⅝	+ ⅛
8450	Derlan	$12½	12⅜	12½	
567	Dicknsn A f	$5¼	5¼	5¼	— ⅛
100	Dicknsn B	$5⅝	5⅝	5⅝	
196533	Dofasco	$26¾	26¼	26¾	+ ⅛
7000	Dohome B	$13¾	13¼	13¾	
8850	Du Pont A	$27¼	26⅞	27¼	+ ⅜
379700	Dylex A f	$11⅝	11⅛	11⅛	— ¼
10100	Equty Svr A	410	400	400	
1500	FCA Intl	$9¼	9¼	9¼	
3000	FPI Ltd	$7⅞	7⅞	7⅞	
175242	Fcnbrdge	$29⅛	28⅞	29	+ ⅛
22900	Fed Ind A	$15⅞	15⅝	15⅞	+ ⅛
2630	Fed Pion	$13⅞	13¼	13⅞	
2210	F City Fin	$30⅜	30⅛	30⅜	+ ⅛
3003	Flet CCan A	$18¾	18½	18¾	+ ¼
3400	Flet C Inv	$21⅜	21⅛	21⅛	— ⅛
400	Gendis A	$21⅞	21⅝	21⅞	+ ¼
1300	Gibraltar	$9⅝	9⅝	9⅝	+ ⅛
10180	Goldcorp f	400	390	400	
1743	Hayes D	$15½	15	15	— ⅜
168516	Hees Intl	$30½	30⅛	30½	— ⅛
109610	Hemlo Gld	$15⅝	15⅛	15⅛	
23563	Hollinger	$14⅞	14⅝	14⅞	
3818	H Bay Co	$31½	31⅛	31¼	— ¼
147397	Imasco L	$40	39⅝	39⅞	+ ⅜
2804	Interhome	$50	49⅞	49⅞	— ⅛
1956	Ipsco	$17⅞	17⅝	17⅞	+ ⅜
2850	Ivaco A f	$11⅞	11⅝	11¾	— ⅛
1000	Ivaco B	$12¼	12¼	12¼	
94392	Jannock	$20	19¾	19½	— ⅛
187779	Labatt	$26¼	25⅝	26¼	+ ⅜
28930	Loblaw Co	$14⅞	14½	14½	— ⅛
50611	Magna A f	$12⅞	11⅞	12⅞	+ 1
3000	MDS H A	$24⅛	24⅛	24⅛	
421829	Mclan H X	$14	13¾	13⅞	
3498	Maritime f	$17½	17⅜	17½	+ ⅛
1392	Mark Res	$9½	9½	9½	— ⅛
700	Minnova	$19	19	19	
19000	Molson A f	$37	36⅞	36¾	+ ⅛
4800	Molson B	$37½	37¼	37⅜	— ⅛
60000	Noranda F	$14⅝	14	14¼	+ ⅛
561051	Noranda I	$23⅞	23½	23¾	+ ¼
18819	Norcen	$27	26⅞	27	+ ⅛
378740	Nova Cor f	$10⅜	10¼	10⅜	
3300	Nowsco W	$14½	14⅛	14½	+ ⅛
5250	Onex C f	$15¼	15⅛	15⅛	— ⅛
19280	Oshawa A f	$30½	29⅞	30¼	+ ½
206276	PWA Corp	$17	16¾	16¾	— ⅜
300	Pamour	$6⅞	6⅞	6⅞	
4300	PanCan P	$28¾	28⅝	28¾	+ ⅜
227722	Placer Dm	$17⅞	17½	17¾	+ ⅛
28150	Poco Pete	$9	8⅝	9	+ ¼
500	Que Sturg a	120	120	120	
2200	Rayrock f	$8¼	8⅛	8⅛	— ⅛
62723	Renisanc	$19⅛	18⅞	18⅞	
3305	Rogers B f	$117½	117	117½	+ ¾
400	Roman	$11¾	11¾	11¾	
500	Rothman	$63½	63½	63½	+ 1
143241	Royal Bnk	$47	46⅝	47	+ ½
46998	Ry Trco	$18½	18⅛	18⅛	— ⅛
6966	Sceptre R	495	490	490	
55100	Scotts f	$18⅝	18⅜	18⅜	— ⅛
116424	Sears Can	$15⅝	14⅞	15⅝	+ ½
10500	SHL Systm	$10⅜	10⅛	10⅛	— ⅛
161360	Shell Can	$44¼	43⅞	44⅛	+ ⅛
31572	Sherritt	$12¼	12	12⅛	+ ⅛
22650	Southam	$35	34⅞	34⅞	— ¼
9892	Spar Aero f	$12¾	12⅝	12¾	
331079	Stelco A	$22¾	22¼	22½	+ ⅛
33510	TCC Bev	$11¼	10⅞	11	+ ⅛
200	Teck Cor A	$23	23	23	
49065	Teck B f	$21⅞	21¼	21½	+ ⅛
412788	ThomCor	$19⅞	19⅝	19⅞	+ ⅛
213212	Tor Dm Bk	$22⅞	22⅜	22⅜	+ ⅛
54350	Torstar B f	$37¾	37½	37½	
50	Trns Mt	$15⅝	15⅝	15⅝	— ¼
90872	TrnAlta U	$15⅝	14⅞	15⅛	+ ⅛
245339	TrCan PL	$14¾	14½	14⅝	+ ⅛
17314	Trimac	475	465	475	
17900	Trilon A	$22	21¾	21⅞	+ ⅛
89100	Trizec A f	$27¾	27¼	27⅜	
601575	Turbo	74	60	68	— 6
900	Unicorp A f	$7⅝	7½	7⅝	
200	Un Carbid	$23⅝	23⅝	23⅝	+ ⅛
8464	U Entprise	$10⅜	10⅛	10⅜	+ ⅛
7225	Westmin	$9¼	9¼	9¼	
2200	Weston	$42¼	42¼	42¼	— ¼
42943	Woodwd A	340	315	340	+25

Total sales 29,924,899 shares

	Close	Previous
TSE 300 Index:	3,958.84	3,935.23

Montreal

July 27

Sales	Stock	High	Low	Close	Chg.
65309	Bank Mont	$34½	34⅛	34½	+ ½
7875	BombrdrA	$16	15⅝	16	+ ½
213386	BombrdrB	$16⅛	15⅞	15⅞	+ ¼
17480	CB Pak	$19½	19	19½	1 ½
5360	Cascades	$06⅞	06⅞	06⅞	
4443	DomTxtA	$16¾	16⅝	16⅝	
10049	Memotec	$$10	09⅝	09⅝	— ⅛
230405	NatBk Cda	$15⅛	15	15⅛	
12275	Noverco	$12½	12⅜	12⅜	
154505	Power Corp	$16¼	15⅞	16⅛	+ ⅛
6400	Provigo	$10¾	10½	10½	
1350	SteinbroA	$49½	49½	49½	
18090	Videotron	$19⅞	19	19	— ¼

Total Sales 7,990,676 shares.

	Close	Previous
Industrials Index:	1,707.57	1,688.03

The Daily Source for International Investors.

Herald Tribune

Thursday's NASDAQ Prices

Prices as of 4 p.m. New York time.

This list, compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

Via The Associated Press

12 Month High	12 Month Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Chg
A										
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B-C										
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D-E-F										
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
G-H-I										
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
J-K-L										
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
M-N										
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
O-P-Q										
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
R-S										
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
T-U-V										
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W-X-Y-Z										
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SPORTS

U.S. Power Boat Sets Atlantic Record

Tom Gentry with his trophy after setting the speed mark.

Compiled by Our Staff From Dispatches

LONDON — An American power boat racer shattered the record for the fastest trans-Atlantic boat crossing Thursday, guiding his boat from New York to England in 62 hours, seven minntes and 47 seconds.

Tom Gentry, 58, completed the crossing just before dawn to beat by 18 hours and 23 minutes the record set in 1986 by Richard Branson, a British businessman whose interests include Virgin Atlantic airlines and a records and entertainment empire.

Branson sprayed champagne on Gentry, a property developer from Hawaii, as the 110-foot (33.5-meter) Gentry Eagle pulled up to a dock in the Isles of Scilly off southwest England.

Organizers said the bullet-shaped craft made the 3,386-mile (5,492-kilometer) trip from Ambrose Light, New York, to Bishop's Rock lighthouse at an average speed of 55 miles per hour (89 kph).

The Gentry Eagle was powered by two 2,480-horsepower diesel engines that consumed nine gallons of fuel a mile. The boat was refueled in the mid-Atlantic from another craft.

In June 1986, Branson and his team, aboard their 72-foot power boat Virgin Atlantic Challenger II, completed the crossing in 80 hours and 31 minutes, two hours and eight minutes faster than the previous record, set by the liner United States in 1952.

Branson then claimed the 150-year-old Blue Riband for the fastest trans-Atlantic sea crossing. But Frank Braynard, the curator of the U.S. Merchant Marine Museum at King's Point, New York, refused to hand over the Blue Riband trophy, saying the trophy was for ocean liners, not "little toy boats" like Virgin Atlantic Challenger II.

Branson then offered his own Virgin Atlantic Challenger Trophy to anyone who could beat his record. Branson said he created the prize to "promote and encourage new technology."

A bid by Gentry in July 1988 to set the record ended in failure when heavy seas damaged equipment on his boat.

(Reuters, AP)

VANTAGE POINT/Tony Kornheiser

For Leonard and Duran, Uno Más

Washington Post Service

NEW YORK — The clothes they're wearing are the clothes they wore, although in Duran's case a few sizes larger. The smiles they are smiling they were smiling then. And so it seems that they will box again. Sugar Ray Leonard and Roberto Duran.

But who knows where or when? Whether in early or late November? Whether in Las Vegas or Atlantic City?

But they will fight.

Uno más. One more.

"And I guarantee you," Bob Arum, the promoter, pledged dramatically on the stage at Roseland (yes, the world-famous Roseland ballroom; I'll get to that), "that whether he wins or loses, Roberto Duran will give his best, because he'll fight to the last breath of his dying heart." Left unsaid was: Or he won't get paid.

(Don't let me forget about the dancing girls.)

It was officially announced Wednesday that The Grand Masters of Boxing rolls on with Leonard-Duran III. They'll fight for one of those alphabet titles Ray holds — nobody really cares which one — at a weight limit of 162 pounds (73 kilograms), which means Duran should only have to shed about 50 pounds.

Duran has significantly altered his appearance in recent months. He has taken to wearing a long drop earring, four diamonds connected in sequence, that looks like it might have fallen from a Liberace candelabra. And he has acquired a substantial rim of girth.

We're talking whale. When Duran was asked what he did weigh, he didn't even wait for the translation. He grinned and said, "Right now I think I can fight Mike Tyson." It's no coincidence that Roseland is directly across from a Cuban restaurant, Victor's, which is Duran's main Manhattan trough.

Victor himself sat with Duran on the podium and catered the lunch. Duran probably gained 10 pounds just while Ray was talking. Anyone who is afraid that at Duran's age, 38, he may be carried out of the ring needn't worry. If the fight was tomorrow, Duran would have to be carried into the ring.

Duran may have said "no más" to Ray when he inexplicably quit their last fight in 1980 in the eighth round, but he certainly wouldn't have said it to chef Paul Prudhomme. From Hands of Stone to Belly of Jelly.

Ray looked sleek. Natty in a dark suit — while Duran wore this blousy jacket with no shirt underneath — Ray liberally praised Duran and admitted he often daydreamed about a rubber match. In a way, this completes the circle for Ray. First Hagler, then Hearns, now Duran, the three pivotal opponents in his career.

"This encompasses my whole life," Leonard said nostalgically. "I never thought I would get them all." He wants Duran again, he said, because he's always felt "no más" concluded unsatisfactorily.

Duran was deliriously thankful for this opportunity for redemption. "He asked God for this fight," relayed Duran's translator.

Duran promised the public would see a different fighter. But he quickly grew testy as he was pressed for the reason he had quit in 1980. "He says that's all anybody ever asks him about: 'No más! No más!' " Duran's translator said. "He wants you to quit asking him about it. He's done enough in boxing.

"Ask him about his championships," the translator continued, pretty much winging it: "From now on, don't ask about 'No más!' You won't get no info out of him."

(Psst, you said to remind you about the dancing girls.)

Yes, dancing girls and boys. Rhumba, merengue, foxtrot, tango, all together now: Whatever Lola wants, Lola gets. Why else would you have a press conference at Roseland, once the Radio City Music Hall of ballroom dancing and home of the "Harvest Moon Ball" dancing competition?

Anyway, the dancers were announced as world champions, too, as if that validated the flimsy connection. First — in honor of Duran, Arum said — they danced the *cucala*, which looked something like the "I Like to Be in America" rooftop dance in "West Side Story," complete with those shrill, clucking noises that sound like the mating call of a lunatic parrot.

Next — in honor of Leonard, Arum blithely insisted — in tuxedos and evening gowns they danced the continental, a Fred-and-Ginger step from the 1930s. As debonair a guy as Ray is, I'd had no idea he loved the continental, or that he'd take up such a dangerous hobby as ballroom dancing. Live and learn.

'Troy's Team': Rookie in Cowboy Saddle

The Associated Press

THOUSAND OAKS, California — Troy Aikman takes a four-step drop, finds his receiver over the middle with a perfect, high-velocity throw and Jimmy Johnson, the Dallas Cowboys coach, reacts.

"Way to go, Troy, way to go," Johnson shouts. "Man, I like that."

After the workout at the Cowboys training camp here, a beaming Johnson says: "Troy is really showing a lot of confidence. I'm very pleased the way he is responding. He's going to be a great player for us."

Although Herschel Walker, who carried Dallas last year with over 1,000 yards both receiving and rushing, was not to report to camp until Friday, the 1989 Cowboys already are being called "Troy's Team."

"We want to spread the ball out a little bit and not just depend on one or two carriers to run into the line," said Johnson, who is making his debut as a National Football League coach. "We want to take the load off Herschel. He's still going to be one of our key players."

This means that a big part of the Dallas offensive load will fall on Aikman, the $11 million former UCLA star.

Aikman already can see the pressure building for him to lead the team.

"I've never been a rah-rah type leader," he said. "Right now I just want to prove to the team that I can play. The leadership will follow once I have the confidence of the team."

Aikman is expected to start for the Cowboys on Sept. 10th against the New Orleans Saints.

Roger Staubach, the former Cowboy quarterback, said he sees a competitive streak in Aikman he likes.

"I think he'll be a great, great player," Staubach said. "He's got the talent and seems like he has the leadership to take that talent and raise other people to a high level."

But Aikman said he is struggling with the mental side of the game.

"Physically I'm ready but I must improve mentally in training camp for me to be satisfied," he said. "I have to learn to read defenses quicker."

Babe Laufenberg, a veteran quarterback trying to make it with the Cowboys, his fifth NFL team, said he likes what he sees in Aikman's mental makeup.

"I saw him in three mini-camps and he didn't make any dumb plays," Laufenberg said. "It's a big jump from college to the pros. In fact, it's the difference from night and day. But I like what I see from this kid. He's smart and obviously has a big-time arm."

Aikman is working with offensive coordinator David Shula, who helped Dan Marino make a rapid transition from the University of Pittsburgh to the Miami Dolphins.

Aikman, who was the No. 1 pick in the college draft last spring, said he was not thinking about the pressure.

"There would have been pressure if I was the first pick or the 50th," he said. "I'm used to pressure."

He keeps passing every test Johnson throws at him.

"He does test you," Aikman said. "I've got six weeks to get the job done. This camp will be literally the survival of the fittest. Right now I'm just trying to get used to having pads on. Personally, I think I look a little rusty."

Richard Drew/The Associated Press

Sugar Ray Leonard, left, and Roberto Duran announcing their third fight, nine years after Duran quit the second fight, saying, *"No más."*

BOOKS

THE VIOLENT DECADE

By Frank Gervasi. 629 pages. $25. W. W. Norton & Co., 500 Fifth Avenue, New York, N. Y. 10110.

Reviewed by
Harrison E. Salisbury

THE fateful days of which Frank Gervasi writes burst upon an America already reeling from the shattering blow of the Great Depression. "The Violent Years" is Gervasi's account of what he saw of the rise of the dictators — Hitler and Mussolini, Franco and Stalin.

The years from 1935 through 1945 would test the fortitude of Americans and transform their unsophisticated lives and that of their political leaders. It was the country's good fortune that to report and interpret the events swirling out of Germany, Russia, Italy and Asia there appeared a generation of correspondents that was possibly the best in the history of American journalism.

Their distinctive quality lay in the ability to stay ahead of the news. Long before some of the world's statesmen became aware of the danger of the rise of men and movements such as Mussolini's Fascism and Hitler's Nazism, Gervasi and his colleagues were seeking to blast a trail through propaganda and censorship to give Americans some notion of which way the wind was blowing and what might be the consequences.

We did not always get the message, but, by and large, America shed its national adolescence, listening to H.V. Kaltenborn describe the Nazi takeover of Czechoslovakia and hearing and reading William L. Shirer from Berlin.

Most American correspondents of prewar days had little or no preparation for reporting on the world beyond our shores. Gervasi was different. His parents had come from Sicily, and he had never lost interest in Italy and his Italian roots. He knew the language, the history and the politics, and when he finally became a foreign correspondent in the mid-'30s his ambition was to go to Italy.

It took Gervasi a year or so to get to Rome, but once he arrived, no one was more alert in observing and recording the macabre quadrille that Mussolini was beginning to dance with Hitler, nor more aware of its global implications.

Gervasi's dispatches from Italy for Universal Service and International News Service (the Hearst wire agencies) provided a reliable guide to the evolution of Mussolini from a local nationalist dictator to junior partner of Hitler. His task was not the easiest in the world. William Randolph Hearst admired Mussolini and warned Gervasi not only to be supportive of Il Duce but to put his news facilities at the dictator's disposal. Gervasi almost resigned but was persuaded by his more sophisticated superiors to keep his head down and go on covering the news. That he did, paying no heed to the pandering instructions of the boss.

Gervasi conveys in rich detail the life of the foreign correspondent in the 1930s and '40s. He also makes clear the time, attention and financial resources that editors and publishers not otherwise noted for public service lavished on developing and maintaining first-class foreign correspondents.

Things are different today. Even a great newspaper chain such as Gannett does not possess a foreign staff of the quantity and quality fielded by Hearst then. Nor, despite their extraordinary achievements, do the networks possess a line-up like the one Murrow assembled for CBS on the eve of World War II.

And we have lost one whole arm of the information media. When Gervasi left Hearst he went to Colliers Magazine, a weekly popularizer of serious news. It had such writers as Leland Stowe, Ernest Hemingway (at times), Quentin Reynolds, Theodore White and Martha Gellhorn. The magazine role has been almost entirely replaced by electronics. But even "60 Minutes" does not match the high performance level of the special news magazines of "The Violent Decade." Gervasi's fine book is not only a memoir of critical times well served by American correspondents but a memorial to a media excellence unmatched today.

Harrison E. Salisbury spent many years as a foreign correspondent, covering World War II, the Soviet Union, Southeast Asia and China. He wrote this for the Los Angeles Times.

BRIDGE

By Alan Truscott

TIMING has an obvious importance in most sports. Its role is equally important, but more subtle, in some bridge deals. Consider, for example, the idagramed situation from the Regional Open Pairs in Cherry Hill, N.J., in mid-June.

North-South reached four spades in the face of a third-set weak-two bid in hearts by East. The bidding could have been brisker: North might well have dispensed with the cue-bid of three hearts since there was no prospect of any alternative contract.

South expects to lose three club tricks and must plan a heart ruff. This can come after two rounds of trumps and will succeed if East began with three trumps. But West, known to have heart shortage, is likely to have spade length. By careful timing, Jack Greenberg of Manhattan wasable to succeed agaisnt the actual distribution.

HE won the opening heart lead in his hand, cashed the sapde ace, finessed the diamond queen successfully and cashed the ace. He ruffed a diamond, cashed another spade winner and crossed to the heart ace to ruff the last diamond.

The moment was now ripe to lead the heart seven. If West refused to ruff, South had 10 tricks. And if he did, there was no way for the defense to take three club tricks. South would, of course, refuse to cover the lead of the jack or ten of clubs.

NORTH
♠876
♥A6
♦AQ63
♣Q984

WEST(D)
♠J52
♥J8
♦K1072
♣AJ103

EAST
♠43
♥Q109532
♦J84
♣K6

SOUTH
♠AKQ109
♥K74
♦95
♣752

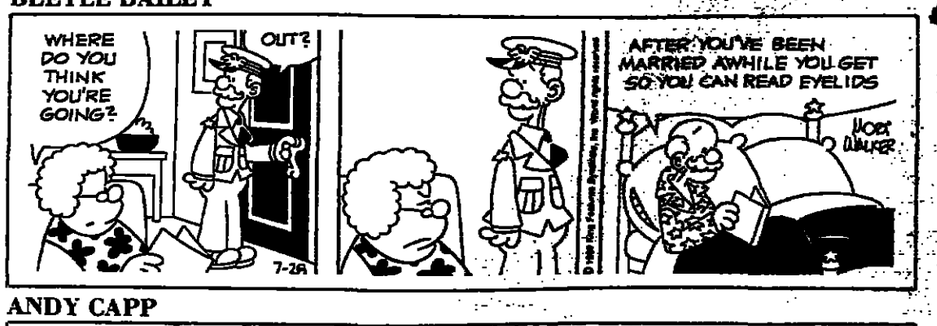
North and South were vulnerable.
The bidding:

West	North	East	South
Pass	Pass	2♥	2♠
Pass	3♥	Pass	3♠Pass

West led the heart jack.

PEANUTS

BEETLE BAILEY



ANDY CAPP

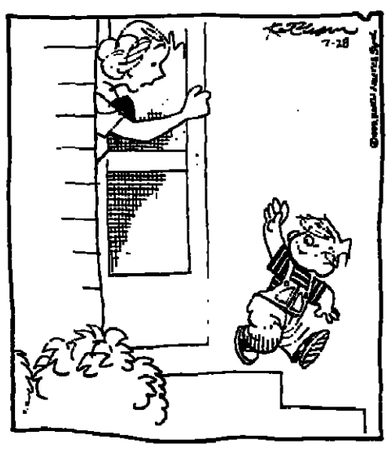
WIZARD of ID

REX MORGAN

GARFIELD

DOONESBURY

DENNIS THE MENACE



"I WAS BEING A GOOD BOY THIS MORNING, BUT I'M OFF DUTY NOW."

JUMBLE.

THAT SCRAMBLED WORD GAME
by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

REWFE
HOTOT
CLORLS
PAKRUM

HOW HE FELT WHEN HE FLUNKED THE TELEGRAPHER'S TEST.

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer: "___-_____-___"

(Answers tomorrow)

Yesterday's Jumbles: EVENT QUAIL LAXITY STIGMA
Answer: What the diplomats who were attending that important funeral were also doing— "LYING" IN STATE

BLONDIE

SPORTS

Mets Seek Trade to Get Viola

Gooden's Injury Sparks Pursuit of Twins' Pitching Ace

Compiled by Our Staff From Dispatches

NEW YORK — The New York Mets have acknowledged that they have been talking to the Minnesota Twins about a trade for Frank Viola, the left-handed pitching star who won the Cy Young Award in the American League last year.

The Mets declined to comment Wednesday on reports that they were offering three of their young pitchers in return: Rick Aguilera, David West and Kevin Tapani.

But they conceded that their interest in Viola grew when Dwight Gooden was placed on the disabled list three weeks ago because of a muscle tear in the right shoulder.

"We expect Dwight back," Joe McIlvaine, vice president of the Mets, said Wednesday night at Shea Stadium. "But who knows when he might pitch in a game? Three weeks?

"The main thing is that anytime you can trade for somebody like Frank Viola or Mark Langston, you've got to take the shot."

"On the basis of the players involved in the talks," he continued, "I'd say there's a good chance it could happen. But there are outside factors that could prevent it: an owner's feelings and the problem of acquiring a guy under long-term contract and then losing him. We're talking, but we haven't got to the stage yet where we'd talk to the player or his agent."

Viola, 29, won two games for the Twins in their World Series victory over the St. Louis Cardinals in 1987 and was voted the outstanding player of the series.

"Whatever happens, happens," Viola said after the Twins' 5-4 victory over Baltimore on Wednesday night. "It's part of the game."

He added, "It wouldn't bother me. I've got a home here, I've got a home in New York. I don't think I can go wrong. Sometimes a change may be for the best. I'll tell you one thing: I'll win anywhere I go."

Earlier this year, Viola signed a three-year contract for $7.9 million. But if he is traded he has the right, under the collective bargaining agreement, to demand another trade at the end of the season.

Andy MacPhail, the Twins' general manager, said he had discussed a Viola deal with the Mets and was to talk to them again Thursday.

"I've talked to them, but I wouldn't characterize it as close," MacPhail said. "This is premature, to say the least. I never really put that high a percentage on it.

"If you make this kind of deal, you talk about pitching. They're one of the few clubs that can give you pitching."

Viola has struggled for Minnesota this season. He is 8-11 with a 3.64 earned-run average, although the Twins have not given him great support.

The Mets, trailing Montreal by 4½ games in the National League East, think he would make a great addition.

"This is the time of year when things start to get serious," Frank Cashen, the general manager, said. "I spent all winter trying to acquire Mark Langston because he's a premier pitcher. Anytime you can get a guy like Viola, you would do it."

"Right now, they seem to be going for a youth movement," Viola said of the Twins. "I have no control over the situation, but if they want to rebuild a team by trading me, so be it."

A lawyer familiar with the talks, who asked not to be identified, said there were two major problems with the deal — which club would pay the signing bonus, and Viola's right to demand a trade.

(NYT, AP)

NYT

Frank Viola: In a bad season with the Twins, a trade to the Mets?

Gary Edwards/Reuters-UPI

Texas's Ruben Sierra reaching second on a funny-hop grounder, as Toronto's Nelson Liriano danced to catch a late, wide throw.

Orioles Blow a 4-Run Lead, Skidding to 7th Straight Loss

Compiled by Our Staff From Dispatches

After the Baltimore Orioles blew a four-run, first-inning lead and fell to the Minnesota Twins, 5-4, Bob Milacki recalled last season's string of 21 losses to put Baltimore's current seven-game losing streak in perspective.

"We just have to get back on track," said Milacki, who was the Orioles' starting pitcher in the Wednesday night loss in Minneapolis. "We're confident. We've been in this situation before."

The losing streak is Baltimore's longest since it lost 21 straight to begin the 1988 season. The Orioles are trying for their 54th victory, which would match the 1988 total.

Frank Robinson, their manager, said: "You're always worried about the mental things in a losing streak, and that's why they become longer losing streaks. We can't panic, and we can't lose our heads.

"We have to come out and battle our way out."

Doug Baker singled in the winning run in the ninth inning and Kent Hrbek hit two home runs.

Hrbek's first home run in the second cut the Twins' deficit to three runs, and his second — a two-run shot in the sixth — brought them within one.

Minnesota tied in the seventh when Milacki hit Randy Bush with a pitch and Baker tripled.

In the ninth, Tim Laudner and Al Newman hit one-out singles off Mark Williamson, Bush was walked intentionally and Baker lined a 1-1 pitch to right over a drawn-in infield.

Baltimore's four runs in the first came off Shane Rawley.

Indians 8, Yankees 7: In Cleveland, Pete O'Brien had three hits and four RBIs, and drove in the last two runs in the eighth with a blooper down the left-field line that Luis Polonia allowed to drop in. Polonia's two-run home run had given the Yankees a 7-6 lead in the top of the eighth.

Athletics 9, Angels 5: In Oakland, California, the Athletics broke a tie in the eighth with four runs to end California's seven-game winning streak.

BASEBALL ROUNDUP

White Sox 5, Mariners 3: In Chicago, Ozzie Guillen stretched his hitting streak to 16 games with two run-scoring singles, and Chicago won for the 11th time in 12 games.

Royals 7, Red Sox 4: In Boston, Bret Saberhagen won for the seventh time in eight decisions and Willie Wilson had four hits as Kansas City rallied from 3-0 and 4-1 deficits.

Rangers 11, Blue Jays 1: In Arlington, Texas, Julio Franco drove in three runs to take over the American League lead in RBIs.

Brewers 3, Tigers 2: In Milwaukee, Robin Yount hit a two-run home run in the first to extend his hitting streak to 16 games and walked with the bases loaded in the eighth off Edwin Nunez to force in the go-ahead run.

Astros 6, Dodgers 2: In a National League game in Houston, Mike Scott became the first 16-game winner in the majors as he pitched a season-high 11 strikeouts.

Padres 5, Reds 3: In Cincinnati, Mike Pagliarulo drove in the decisive run in the eighth with a checked swing and sent the Reds to their 10th straight defeat.

Phillies 4, Expos 3: In Montreal, Philadelphia was down to its final strike when a two-run single by Randy Ready ended the team's six-game losing streak.

Braves 5, Giants 4: In Atlanta, Dale Murphy brought the Braves back from a 3-0 deficit in the sixth with a three-run home run, then added a tie-breaking sacrifice fly in a two-run eighth.

Pirates 3, Mets 2: In New York, John Smiley pitched a three-hitter and drove in a run, and Barry Bonds drove in the decisive run in the seventh with his second RBI.

Cardinals 2, Cubs 0: In St. Louis, Missouri, Vince Coleman had both RBIs and stole three bases, and Jose DeLeon pitched a two-hitter in eight innings to extend his streak of scoreless innings to 19.

Jose Oquendo's hitting streak, the longest in the majors this season, ended at 23 games when he went 0-for-3.

(AP, UPI)

Bruce Tozer/Reuters-UPI

Houston's Mike Scott becoming the year's first 16-game winner.

Lawmaker Scorns Aluminum Bat-Mania

The Associated Press

WASHINGTON — The debate of wooden versus aluminum baseball bats has reached the floor of the U.S. Congress.

The crack of a wooden bat is far more appealing to Representative Richard J. Durbin, Democrat of Illinois, than the ping of an aluminum one, and he revealed his feelings in a brief speech before the House of Representatives on Wednesday.

"I rise to condemn the desecration of a great American symbol," the congressman said. "No, I am not referring to flag burning; I am referring to the baseball bat."

Durbin, who represents the Springfield area, a district populated by fans of the St. Louis Cardinals and Chicago Cubs, bemoaned the "extinction" of the wooden bat.

"Are we willing to hear the crack of a bat replaced by the dinky ping?" Durbin asked. "Are we ready to see the Louisville Slugger replaced by the aluminum ping dinger? Is nothing sacred?"

Durbin concluded, "If we forsake the great Americana of broken-bat singles and pine tar, we will have certainly lost our way as a nation."

The congressman's comments were prompted by a recent cover story in Sports Illustrated.

SIDELINES

Site for U.S.-Salvador Soccer Is Set

ZURICH (UPI) — The World Cup soccer qualifying match between the United States and El Salvador has been rescheduled for Sept. 17 in Tegucigalpa, Honduras, the international governing body of soccer has announced.

FIFA, which governs world soccer, said Wednesday that El Salvador's two other remaining home World Cup qualifying matches also must be played in a neutral country because of disturbances during El Salvador's June 25 match against Costa Rica. FIFA also announced that the June 25 match, abandoned in the 84th minute with Costa Rica leading 4-2, will stand as complete.

The United States-El Salvador match originally was scheduled for July 9 in San Salvador. El Salvador agreed to play in Los Angeles, but several other nations objected and insisted the match be moved to a neutral site. The U.S. team has three other qualifying matches left to play: Oct. 8 in Guatemala, Nov. 5 in the United States against El Salvador and Nov. 19 in Trinidad & Tobago.

Canadiens' Star to Join NHL's Kings

INGLEWOOD, California (LAT) — Larry Robinson, the Montreal Canadiens star defenseman who became a free agent July 1, has accepted a contract to play for two years with the Los Angeles Kings for a reported $1.6 million, Bruce McNall, the Kings owner, has announced.

In 17 National Hockey League seasons, Robinson, 38, has played only for the Canadiens. He has won two Norris Trophies as the top defenseman in the league and played on six Stanley Cup championship teams. "This was a big step for me," Robinson said. "I know I'm not a young puppy anymore, but I hope I can help them win a championship here."

"I think we've made it fairly obvious that that our desire is to bring a Stanley Cup to Los Angeles as soon as possible," McNall said. "Larry Robinson will help us do that."

Royals Sideline Jackson for 15 Days

BOSTON (AP) — Slugger Bo Jackson is out of action for two weeks, becoming the 11th Kansas City Royal placed on the disabled list this season.

Jackson, troubled since last month with a thigh muscle injury, was put on the 15-day disabled list Wednesday, retroactive to Tuesday. He will not be able to play before Aug. 9. He pulled his left quadriceps muscle while chasing down a triple by Don Mattingly of the New York Yankees on June 24, and had missed nine games since then.

"It's just sore," Jackson said before Wednesday night's game against the Boston Red Sox. "This type of injury is worse than a hamstring pull. You can't do much but rest it, let it heal by itself." Jackson, hitting .269, leads the Royals in homers with 22, runs batted in with 64, runs scored with 57 and stolen bases with 23.

Governor Backs Chicago Arena Plan

CHICAGO (AP) — Under legislation signed by Gov. James R. Thompson, the city can now move swiftly to condemn privately owned land to clear the way for a $120 million home for the Bulls of the National Basketball Association and the Blackhawks of the National Hockey League.

The governor signed on Wednesday a measure passed in the recent legislative session that not only allows quick acquisition of the land for the Bulls and Blackhawks, but also gives tax breaks for the new structure, sets a deadline for legal challenges and bans nearby residents from voting the neighborhood dry. The privately financed arena will be jointly owned by the basketball and hockey clubs. The new arena, slated for completion in time for the 1992 NBA and NHL seasons, will be on a site adjacent to the Chicago Stadium, the city's current basketball-hockey facility.

Meanwhile, Mayor Richard M. Daley said he was skeptical about allowing the Bears of the National Football League to build a new football stadium next to a growing Near South Side residential area that team officials say is their first choice.

NBA's Stern Cited as NFL Candidate

NEW ORLEANS (UPI) — Commissioner David Stern of the National Basketball Association has twice been contacted by National Football League team owners about succeeding retiring Pete Rozelle as NFL commissioner, a newspaper reported here Thursday.

Reports have said that Stern's name has surfaced as an alternative to Jim Finks, the New Orleans Saints owner. Earlier this month, 11 team owners formed a voting block to stall the selection of Finks.

"David Stern has been contacted for the second time," a source told The New Orleans Times-Picayune, adding "I honestly don't know whether he is interested or not." The Boston Globe reported Wednesday that Stern's name had been mentioned and according to that newspaper's sources, Stern has told the 11 owners he is not interested in succeeding Rozelle.

Quotable

● Los Angeles Dodgers pitcher Orel Hershiser about Bo Jackson: "See Bo hit, see Bo run, see Bo do anything." *(AP)*

● Tony Mandarich, the unsigned No. 1 draft pick of the Green Bay Packers: "I'd sit out at Green Bay, but I'd rather go to Dallas and crush people. They'd like my style there." *(AP)*

Howard University Football Broke NCAA Rules

By Donald Huff and Anthony Cotton
Washington Post Service

WASHINGTON — An internal investigation at Howard University has discovered irregularities in player eligibility and financial aid in the school's football program, according to university officials.

The irregularities include not paying players their full grant-in-aid money and using players for more than the maximum four seasons. These violations have spanned the last six seasons and are against National Collegiate Athletic Association rules.

The school confirmed Wednesday that it would surrender its only conference football championship, which it won in 1987, and would cooperate fully with any conference or NCAA investigations.

Howard's internal investigation, which covered the 1983-88 seasons, began in March and was precipitated by the discovery that nine Bison starters — including tailback Fred Killings, who rushed for 1,452 yards last season — played for Howard after they had used up their eligibility.

"With the surfacing of the nine, that left the possibility of others in the previous years — that prompted this review," said Carl Anderson, Howard's vice president for student affairs. "This is humiliating and it sets us back for sure."

The Howard investigation revealed that three ineligible players suited up in the 1987 season. Daniel O. Bernstine, the school's general counsel, would not reveal the names of the players involved.

Regarding the financial aid violations, Anderson said that players on the team were not receiving the athletic aid that had been promised them.

"Some players thought they were getting full rides but they were not," he said. "Some may have been minus book money; several of the athletes inquired about their aid and it was fixed, but most depended on the coaches' good faith."

University officials said they contacted the NCAA with the investigation results and that the football program was not the subject of a probe by the NCAA's investigative department.

The NCAA would not confirm how it became aware of the violations. A member of the NCAA's investigative department said the fact that the university has come forward and is willing to cooperate would be considered in the results of any future investigations.

"If Howard University has indeed uncovered possible violations and reports them to the NCAA and then responds in full candor, it would be looked upon favorably," said Dave Didion, an NCAA official. "The Committee on Infractions would generally look upon such actions that the institution is trying to do things the right way."

The report from Howard to the NCAA will be reviewed by David Berst, assistant executive director for enforcement. If additional review is required, the case would be presented to the Committee on Infractions, the body that would establish any punishment.

For Woman Lifter, A Weighty Role as Pioneer and Model

By William Rhoden
New York Times Service

OKLAHOMA CITY — When Karyn Marshall began lifting weights in 1977, her intention was not to be a pioneer in a male-dominated sport.

She played field hockey, volleyball and softball as a teenager growing up in Pelham, New York, and weight lifting seemed to be a challenging alternative. She also was intrigued by strongmen.

"I'm fascinated with strength," said Marshall, 33, a financial analyst with P.R. Herzig & Co., her father's brokerage firm on Wall Street.

"I've always been fascinated with strength and strong people. They've been our heroes. To me, that's very intriguing."

More than a decade after lifting her first weight, Marshall has become intriguing in her own right. She is not only a pioneer, but also a role model, a former world champion and seven-time national champion.

Largely because of Marshall's efforts, women's weight lifting is making its debut here at the Olympic Sports Festival.

"I think what really kept me in the sport was that I saw it was a new thing, and that excited me to be one of the pioneers," said Marshall. "The Olympic Festival is really a culmination for me."

For Marshall, who made the dean's list at Columbia University and worked as a registered nurse before going to Wall Street, the climb has been steep.

She began weight lifting while at Columbia. She did not compete in team sports at Columbia but did swim and cycle.

"It was nice," she said. "I was getting in good condition. But I still felt I wanted something more. One time I walked into a local gym where there was weight lifting going on. I watched for a while, I tried it and I loved it. This was it."

At the time, there were few competitive outlets for female lifters. There were no international or national competitions for women.

Within the weight-lifting community, there was a male bias that discouraged women's participation in a sport whose essence is strength and muscle.

Marshall said her goal was to get her sport into the Olympics. Although it is doubtful that women's weight lifting will be added to the 1992 Olympics, Marshall said the Women's Weight Lifting Federation was hoping the sport could be added for the 1996 Games.

In the meantime, Marshall has excelled in national and international competition. She won the first women's world championship in 1987 and is the defending U.S. champion.

Marshall has won seven national weight-lifting championships. According to the Olympic Festival, she also holds 53 world and American records.

Marshall, who is 5 feet (1.5 meters) and listed at 215 pounds (97 kilograms), competes in the plus-82.5-kilogram, or plus-181.5-pound, category. She became the first woman to snatch more than 200 pounds and the first to clean-and-jerk more than 300 pounds.

David Longstreath/The Associated Press

OUCH! — Rob Koll grimacing under the weight of Kenny Monday during their gold-medal match in freestyle wrestling Wednesday at the U.S. Olympic Festival in Oklahoma City. Monday, the 1988 Olympic champion, beat Koll, the top seed in their 163-pound category.

SCOREBOARD

BASEBALL

Major League Standings

AMERICAN LEAGUE

East Division	W	L	Pct.	GB
Baltimore	53	45	.541	—
Toronto	50	51	.495	4½
Cleveland	49	50	.495	4½
Boston	46	49	.484	5½
Milwaukee	47	53	.470	7
New York	47	53	.470	7
Detroit	34	64	.347	19
West Division				
California	60	39	.606	—
Oakland	60	41	.594	1
Kansas City	55	45	.550	5½
Texas	55	45	.550	5½
Minnesota	46	51	.485	12
Seattle	48	52	.480	12½
Chicago	43	57	.430	17½

NATIONAL LEAGUE

East Division	W	L	Pct.	GB
Montreal	59	42	.584	—
Chicago	55	45	.550	3½
New York	53	45	.541	4½
St. Louis	51	46	.526	6
Pittsburgh	43	55	.439	14½
Philadelphia	38	60	.388	19½
West Division				
San Francisco	60	41	.594	—
Houston	58	43	.574	2
San Diego	49	52	.485	11
Los Angeles	47	55	.461	13½
Cincinnati	45	55	.450	14½
Atlanta	41	60	.406	19

Wednesday's Line Scores

AMERICAN LEAGUE

Baltimore 400 000 000—4 7 0
Minnesota 010 002 101—5 9 0

Milacki, M.Smith (7), Williamson (9) and Tettleton; Rawley, Wayne (8), Reardon (9) and Laudner. W—Reardon, 3-2. L—Williamson, 4-3. HRs—Hrbek 2 (13).

California 102 000 110—5 10 1
Oakland 100 400 04x—9 14 1

M.Witt, Monteleone (8), McClure (8) and Schroeder; Moore, Honeycutt (7), Burns (7), M.Young (8), Eckersley (9) and Hassey. W—M.Young, 1-3. L—M.Witt, 7-8. HR—Oakland, R.Henderson (7).

Seattle 000 000 030—3 7 1
Chicago 020 010 11x—5 10 2

Swift, Harris (7), Schooler (8) and Valle; Hibbard, Hillegas (7), Thigpen (8) and Karkovice. W—Hibbard, 2-2. L—Swift, 6-3. Sv—Thigpen (21). HRs—Seattle, A.Davis (9). Chicago, Baines (12).

Kansas City 001 122 100—7 12 0
Boston 211 000 000—4 10 2

Saberhagen, Montgomery (7) and Boone; Hetzel, Price (5), Lamp (6), Murphy (9) and Gedman. W—Saberhagen, 10-5. L—Price, 1-5. Sv—Montgomery (5). HR—Boston, Esasky (16).

Detroit 020 000 000—2 4 0
Milwaukee 200 000 01x—3 5 0

Tanana, Nunez (8) and Sinatro; Higuera, Plesac (9) and C.O'Brien. W—Higuera, 5-4. L—Nunez, 1-2. Sv—Plesac (24). HRs—Detroit, G.Ward (5). Milwaukee, Yount (12).

Toronto 000 010 000—1 6 1
Texas 000 250 04x—11 16 1

Flanagan, Wills (5), Musselman (7) and Whitt; Brown, Russell (9) and Kreuter. W—Brown, 9-4. L—Flanagan, 6-7. HRs—Texas, Buechele (9), Palmeiro (7).

New York 000 200 220—7 9 1
Cleveland 000 240 02x—8 13 2

Terrell, McCullers (5), Plunk (7), Guetterman (8), Cadaret (8) and Slaught; Bailes, Orosco (7), D.Jones (7) and Skinner. W—D.Jones, 4-5. L—Guetterman, 2-5. HR—New York, Polonia (3).

NATIONAL LEAGUE

Pittsburgh 000 020 100—3 9 0
New York 000 001 010—2 3 2

Smiley and LaValliere; Darling, Aase (9) and Carter. W—Smiley, 9-5. L—Darling, 8-8. HRs—New York, Elster (3), Carreon (4).

San Francisco 000 003 010—4 11 1
Atlanta 000 003 02x—5 6 1

Garrelts, Bedrosian (8) and Kennedy; Clary, Acker (6), Eichorn (7), Boever (8) and Benedict. J.Davis (8). Russell (9). W—Boever, 4-1. L—Bedrosian, 2-5. HR—Atlanta, D.Murphy (9).

San Diego 000 210 011—5 12 1
Cincinnati 000 200 10x—3 4 1

Rasmussen, Grant (7), McDavis (9) and Santiago. Parent (4): Mahler, Franco (8) and Oliver. W—Grant, 4-1. L—Franco, 2-4. Sv—M.Davis (25).

Philadelphia 000 100 102—4 7 1
Montreal 200 200 00x—5 9 3

Mulholland, G.A.Harris (6), Parrett (8), R.McDowell (9) and Daulton; K.Gross, Z.Smith (7), Burke (9) and Scrivenio. W—Parrett, 7-3. L—Z.Smith, 1-12. Sv—R.McDowell (11). HR—Montreal, Wallach (8).

Los Angeles 000 000 011—2 6 2
Houston 000 300 30x—6 10 0

Valenzuela, Crews (7) and Scioscia; Scott, De.Smith (9) and Biasio. W—Scott, 16-5. L—Valenzuela, 5-10.

Chicago 000 000 000—0 2 0
St. Louis 007 000 01x—2 5 1

Sutcliffe, S.Wilson (8) and Berryhill; Girardi (7), DeLeon, Dayley (9), Worrell (9) and T.Pena. W—DeLeon, 10-9. L—Sutcliffe, 10-9. Sv—Worrell (13).

TRANSITION

BASEBALL

American League

CLEVELAND—Put Greg Swindell, pitcher, on 15-day disabled list. Called up Steve Olin, pitcher, from Colorado Springs of Pacific Coast League.

KANSAS CITY—Put Bo Jackson, outfielder, on 15-day disabled list. Activated Gary Thurman, outfielder, from 21-day disabled list.

MILWAUKEE—Recalled Gary Sheffield, shortstop, from Denver, American Association and put him on 21-day disabled list, retroactive to July 14.

National League

PITTSBURGH—Put Gary Redus, first baseman, on 15-day disabled list, retroactive to July 25. Bought contract of Scott Little, infielder-outfielder, from Buffalo, American Association.

ST. LOUIS—Put Willie McGee, outfielder, on 15-day disabled list.

FOOTBALL

National Football League

ATLANTA—Signed Jessie Tuggle, linebacker, and David Weber, quarterback.

CHICAGO—Signed Mark Green, running back.

CINCINNATI—Agreed to terms with Carl Zander, linebacker. Signed Carl Zander, linebacker; Jim Skow, defensive end; and Barney Bussey, safety.

DALLAS—Agreed to terms with Willie Crockett, linebacker.

GREEN BAY—Signed Walter Stanley, wide receiver; Ron Pitts, defensive back; and Erik Affholter, wide receiver. Released Marc Zeno, wide receiver, and Jeff Knapton, defensive end.

KANSAS CITY—Waived Remi Watson, wide receiver.

L.A. RAMS—Signed Frank Stams, linebacker.

MIAMI—Agreed to terms with Fuad Reveiz, placekicker. Said that L.B. Moon, tackle, has left camp.

NEW ORLEANS—Signed Dalton Hilliard, running back, and Doug Marrone, guard. Waived Dave Ammons, nose tackle.

N.Y. JETS—Waived Erwin Matthews, running back.

PHILADELPHIA—Signed Robert Drummond, running back, to series of three-year contracts. Waived Keith Mueller, defensive back.

PHOENIX—Agreed to terms with Curt Carter, cornerback, on three-year contract. Waived Kevin Brown, punter.

SAN FRANCISCO—Signed Wesley Walls, tight end.

SEATTLE—Signed Joe Nash, nose tackle; Terry Taylor, cornerback; and Wally Gbur, bow, safety.

Canadian Football League

TORONTO—Activated Michael Clemons, running back, and Reggie Berry, defensive back, from practice roster. Activated Jearld Baylis, defensive tackle, from reserve list. Put Dan Baldwin, defensive end, on reserve list. Released Lorenzo Graham, running back.

EDMONTON—Activated Michael Bourassa, defensive tackle, from practice roster.

TENNIS

ASSOCIATION OF TENNIS PROFESSIONALS—Named J. Wayne Richmond regional coordinator.

COLLEGE

BALL STATE—Named Alfeus Stanford women's cross country and track and field coach.

BOSTON UNIVERSITY—Named Laurie Lagoff women's coach and assistant field hockey coach.

COLBY—Said Burt Hickey Goulet, hockey coach, has resigned to accept same position at University of Ottawa.

FORDHAM—Named Joe Paterno graduate assistant basketball coach, effective Sept. 6.

WASHINGTON—Named Kevin Benzine baseball coach.

CRICKET

ENGLAND vs. AUSTRALIA
On Manchester, England, Day 1)
1st Innings: England 224-7.

FOOTBALL

CANADIAN FOOTBALL LEAGUE
Wednesday's Result
Calgary 28, British Columbia 26

POSTCARD

Safari in Washington

By Henry Mitchell
Washington Post Service

WASHINGTON — Lightning bugs, or fireflies, are in good supply this summer. It is not surprising, therefore, to find Sir David Attenborough seated in a grassy glade on Jones Mill Road waiting for them to light up.

He said he suffered a lot, making nature films for the British Broadcasting Corp., and at the moment he was being chewed alive by mosquitoes. "Not like you blokes sitting about in air-conditioned offices watching tapes," he said.

"We liked you best up a tree," said an admirer, pointing to a lofty silver maple and suggesting he climb it.

"Not on your life," he said. "The tree you liked me in, in that film about jungle canopy, was 140 feet high. They told me there was some kind of ladder nailed to it, but there wasn't anything but a rope. The close-ups showed my knuckles white. But then you cannot imagine the heat, the cold, the fierce . . ."

"About these lightning bugs," the admirer interrupted, "do you intend to seduce one with that flashlight?"

"I shall flash at precisely two-second intervals," Attenborough said. Lightning love involves the males gliding about hopefully, lighting up their little tails in the hopes that a female, with a longer flash, will sit patiently in the grass and accept their advances. The orgy will be seen on U.S. cable television about a year from now, Attenborough said.

The film crew arrived at the Chevy Chase headquarters mansion of the National Audubon Society about 6:30 P.M. because the fireflies were supposed to do their thing at 7:30. Of course, nothing lit up until 8:30.

There are certain female lightning bugs that flash a signal and then eat the male when he lands — however, they are females of a different genus. It was said the females never kill and eat true suitors of their own species.

"They're all carnivores," said Attenborough, flashing his penlight against his palm. He looked about the glade, which is just like any English glade except you don't shiver all night, and said that American fireflies were showier than those of Britain. But he added that American lightning bugs were nowhere near as showy as those of Malaysia, where they all flash together, lighting up whole trees.

The British television crew strung wires along the ground and fiddled with a ladder laid flat on the ground and made level for the camera tripod to ride on. In remote, exotic places (like Washington), you cannot count on finding a good dolly for cameras, but everywhere you can find a ladder; hence the ingenious solution.

At 8:30, a tentative brief luminescence broke the gathering gloom, then more and more lit up until the glade was truly fairyland. Attenborough flashed his own light again and again without result as far as bystanders could see.

"You aren't doing it at two-second intervals," a helpful person said.

"QUIET!" said the director Alistair Fothergill.

"I got two of the males to land on my hand," said Attenborough after the shooting was over. "You didn't see them, probably, from where you were standing."

□

Attenborough travels six months a year. No toad, no bat, is safe from his intrusion; he goes to the far corners of the earth to spy on all sorts of animals. The rest of the year he lives in London. He has no animals at home although he used to have some cats. Once he brought some mouse lemurs from Madagascar and bred them — they eventually found a home at the zoo in Regent's Park. And once he had ringtail lemurs.

Attenborough was knighted in 1985.

On safari, as here, he wears open khaki shirts and ordinary khaki pants. He looks as sensible as he is, and he is handsome in profile. One is impressed that he always has himself filmed head on, so it is largely wasted. He is intense but not vain and he is so keen for the viewer to comprehend the glory of the lightning bug or toad or whatever that he often falls right out of the TV.

The firefly safari was, as these things go, quite idyllic.

"Oh, no," he said, following up his comments on carnivores among the bugs, "not here, not tonight. Nothing but loveliness here." Surprisingly, he seemed (for a man who thinks every fierce and loathsome beast is lovely) quite right.

A Humorist's Search for Freedom

By Jim Naughton
Washington Post Service

LEESBURG, Virginia — A howling ambulance shatters the peace in Mimi Baker's garden. "One of the reasons that I settled here is that the hospital is right up the street," her husband, Russell, says. "One block from that is the nursing home and around the corner is the cemetery. I don't have to drive anywhere to end my life here."

Just a few minutes later, another ambulance screeches past their home. "There's probably somebody dying in there," Baker says. "The drivers are volunteers and the only way you can get them is to let them play with the siren."

Baker, 63, has divided the morning between working in the garden and answering his mail. He answers every letter, he says, because people shouldn't be made to feel that journalists are inaccessible.

The Bakers live in an early-19th-century home that sits on one of the busier streets in this semi-charming town. There is an auto body shop on the opposite corner. Traffic drones slowly by. Despite this, the garden manages to feel like an oasis. The back porch is framed and shaded by a twisting, leafy vine. The long aisle of lawn is punctuated with a goldfish pond and bordered by short, lush trees.

Talking to Baker is enough like reading the twice-weekly column that has enlivened the op-ed page of The New York Times for 27 years for one not to notice the differences between man and author.

But there are differences. In person, the humor is similar — quick, dry and accessibly cerebral — but darker. The sarcasm has a sharper edge. He seems at once to be burnishing and undercutting his image as a wry wise man.

"In writing a column, you create a personality," he says. "And you become very quickly a prisoner of that person who is the column."

Baker felt his imprisonment most keenly in 1982 when the folks who condense books for Reader's Digest rejected "Growing Up," his memoir of coming of age in the Depression. "A couple of them said, 'The readers will be disappointed. This is not funny at all,' " he recalls. "It is even rather a grim book."

Joel Richardson/The Washington Post

Baker: 'The memoir is a way of breaking out.'

The whole incident reminded him of a man named Douglas McKay, who once was secretary of the interior. "They thought they could get him elected to the Senate from Oregon," Baker says. "So they wrote a lot of speeches for him and he went around reading them. One day, having read his speech, he laid it down and said, 'Now I would like to say a few words of my own.' And in a way, when I did 'Growing Up,' that's what I was saying. The memoir is a way of breaking out. It's seeking freedom."

In his search for freedom, Baker has found fortune and acclaim.

"Growing Up" won the Pulitzer Prize and sold more than a million copies. Its sequel, "The Good Times," a self-mocking evocation of his early newspaper days, has been among the 10 best-selling books in the United States since its publication seven weeks ago.

"I've just had the good luck to escape the meaner reviewers," he says, "People like me. I wouldn't have let me get away with this."

One of his trademarks is an excessive, even annoying modesty. Friends say there is nothing manipulative in his self-deprecation. "It is not an act," says James Reston, the former Washington bureau chief who brought Baker to The Times. "It is genuine with him. He's always been that way, long before anybody even knew him."

Perhaps so, but in "The Good Times," his humility weakens the book. Baker paints himself as so ineffectual a figure that the reader is at a loss to understand how he rose from police reporter to London correspondent at The Baltimore Sun and from The Times's Washington bureau to a spot as a regular columnist. There is the sense of a tale not told, the unsettling feeling that the narrator is deliberately concealing himself. One is still engaged, charmed, even, and the book feels authentic, except as regards its author's character.

"There are people in this world, thank God, who don't go around shouting to everyone how good they are," says a former Times reporter, Harrison Salisbury. But as if to clear up any confusion, Salisbury adds, "Any idea that Russ wasn't a top-notch, absolutely brilliant reporter is just nonsense."

His considerable talent notwithstanding, Baker's relationship with his work has often been an uneasy one. "The hardest thing to get at in journalism is motive, and the novelist always knows that," he says. "But in journalism you don't know." And he adds, "the interesting politicians have motives you can't even get at."

Lyndon Johnson, for instance. "Of all the politicians I ever covered, he was the only one who was really interesting to me," Baker says. "Shakespeare would have loved Johnson, wouldn't he? What would Shakespeare have done with this great towering figure? Was he King Lear? Or Macbeth? Or Falstaff? He had a little bit of all of them."

But it was (and is) well nigh impossible to get those sorts of musings into a newspaper, and Baker, who had covered the White House, the State Department and the Senate, became increasingly dispirited. The pivotal moment in "The Good Times" occurs to the veteran reporter as he sits outside the room where the Senate Armed Services Committee has convened:

"Here I am, thirty-six years old. When my father was thirty-six he had been dead three years. Still he managed to build something, to leave something behind that can still be seen, touched, used. Given three years more than my father had, how have I used the time? I have built nothing worth leaving and don't even know how. Instead I spend my life sitting on marble floors, waiting for somebody to come out and lie to me."

From that moment on, Baker writes, he was prepared to end his reporting days. "I'd lost faith in the ability of the work to do what I one time thought it could do, which was at least to help spread the good cause of enlightenment," he says. There is a quick, ironic smile before he adds, "Most often you were spreading confusion and misinformation."

Baker never had to resolve this difficulty, thanks to Charles Dorsey, then managing editor of The Sun, who offered him a column. The Times, at Reston's behest, matched The Sun's offer. Quite a shock. Baker says, "suddenly to discover I was an asset." Suddenly, too, to find himself free of the fetters of conventional reporting.

Baker and Art Buchwald were the pre-eminent humor columnists of the 1960s and 1970s. They often lunched together and, Salisbury says, one could occasionally hear them working out the next day's columns, each in his distinctive style.

"Buchwald always had a gag," Salisbury says. "With Russ, he just wrote what was on his mind. That dry satirical style, that was him."

Another of Baker's hallmarks, Reston says, is that "though his criticism is sometimes sharp, it is never personal. He never wounds." This is not something a self-respecting humorist would want repeated in public. In Baker's case, it seems not quite true. His appraisal of how politics has changed in the past 30 years is tart, and not particularly merciful.

"I don't know why anybody goes into it as a career anymore," he says. "It can't be much fun." The chief culprit, he says, is television. "The press hasn't figured out a way to combat television's ability to deceive," he says. This has made for bitter reporters and fraudulent candidates, the 1988 campaign being a case in point.

"If the George Bush of the campaign had sprung fully formed from the head of Zeus, you would have said this guy is a monster," he says. "The minute the campaign was over, I think within six hours of the network pronouncement, there he was, old preppy Bush back again. What happened to the monster of the campaign? If you hadn't known that Bush was there before the campaign, you would have felt you'd been defrauded."

PEOPLE

Karajan Remembered At Salzburg Opening

The Salzburg Festival, dominated for over 30 years by Herbert von Karajan, opened on Thursday with a moment of silence in memory of the conductor who died two weeks ago. "We are full of deep sorrow," said the Austrian president, Kurt Waldheim. Sir George Solti conducted Giuseppe Verdi's opera "Un Ballo in Maschera" in the opening night performance with Placido Domingo in the starring role. Highlights of the five-week festival include a new Vienna State Opera production of Richard Strauss's "Elektra" and solo appearances by singers Jessye Norman, Jose Carreras and Kathleen Battle. Seiji Ozawa, James Levine and Solti will conduct the Vienna Philharmonic at a festival tribute to Karajan on Sunday.

□

John Sebastian, Country Joe McDonald, Ravi Shankar and Johnny Winter are among the musicians who have signed up to perform at a Woodstock reunion concert, the promoter said in Swan Lake, New York. The concert is planned for Aug. 15 to 17 at the Imperial Resort, about seven miles from the site of Woodstock, where rock fans gathered 20 years ago.

□

Issy Marchant, a London property developer, has been given the go-ahead to build an office block on the site of the 16th-century Rose Theater where Shakespeare is believed to have performed, officials said. The construction plans had been opposed by theater personalities who said that a site of such historic literary value should be preserved and revived.

□

New York Mayor Ed Koch, who has been feuding with Donald Trump for several years, recently flew to Washington on the Trump Shuttle and came back with a bad review. Koch said the flight was 15 minutes late taking off, despite Trump ads that boast of punctuality. "There is something called truth in packaging and his packaging is not truthful," Koch told the New York Daily News. He said he did not like the sandwich he was served. "I have given them a suggestion that I made to Pan American," he said. "If they gave a cup of ice cream, instead of this little sandwich, I think I would pick that airline."

TODAY'S INTERNATIONAL REAL ESTATE MARKETPLACE
Appears on page 6

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JACK BELDEN (1910-89) Will persons who knew him, including Karen Ulbricht or Aldrich, and who might be keeping personal papers for him please contact: Box 0958, Herald Tribune, 92521 Neuilly Cedex, France.

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ELIOT EDER URGENT - CALL HOME

PATRICK W. – CALL CONNECTICUT before reaching your September destination. All is well. Dad

THANK YOU SACRED OF JESUS and Saint Jude. S. A. K.

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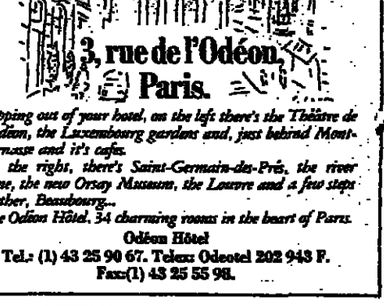

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